Daily Report

Latin America

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CPSS 'Deplores' Fifth French Nuclear Test

PY2912135095 Madrid EFE in Spanish
0203 GMT 29 Dec 95

[FBIS Translated Excerpt] Lima, 28 Dec (EFE) — The Permanent South Pacific Commission (CPSS) today stated that it "deplores" the fifth French nuclear test conducted in Mururoa Atoll in French Polynesia on 27 December.

The General Secretariat of the CPSS, which groups Colombia, Chile, Ecuador and Peru, states, in a note issued in Lima, that the French attitude of continuing nuclear tests signifies "a regrettable step backward in the international community's sustained efforts" to achieve disarmament and the nonproliferation of nuclear weapons.

The communique issued by the CPSS General Secretariat, headquartered in Lima, states that nuclear tests "represent a potential health and security hazard for Pacific rim countries and their natural resources and the environment."

The communique expresses regret with regard to the French Government's insistence upon continuing these tests despite the innumerable condemnatory statements issued by governments, international organizations, and nongovernmental organizations worldwide.

The CPSS concludes the communique by urging the government of French President Jacques Chirac "to immediately and definitively end these worrisome nuclear tests in the South Pacific." [passage omitted]

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Cuba

Further Reportage on National Assembly Meeting

Finance Minister Addresses ANPP Second Time

PA2912133195 Havana Tele Rebelde Network in Spanish 0328 GMT 27 Dec 95

[Second speech by Finance and Prices Minister Manuel Millares Rodriguez at the first meeting of the sixth regular session of the National Assembly of the People's Government at the Conventions Palace in Havana on 26 December — recorded]

[FBIS Translated Text] Well, beginning with the issue of taxes — this is precisely the focus of the first speech by Deputy Leonel Gonzalez — I begin by saying that I totally agree with the statements made here by Leonel and later ratified by Emilio Vega. In other words, as a concept or general thing, we can never be satisfied with tax collections or with the level of control we have established. I was thinking that if in the future a minister of finance and prices was recognized by this Assembly for his work regarding taxes, I am sure that minister would realize then that deputies don't know exactly what he has done. This is not only because of the fact a revolutionary must always be dissatisfied with a result but because regarding taxes we will never accomplish everything that can be accomplished. This is not the case, though. We are just beginning here.

Therefore, I agree with the preceding statements. I would like to explain some things to help deputies better understand the figures presented. Of course, these figures are not perfect, but they correspond to a moment or a minute in which we closed the budget. Life has changed after that.

First, regarding the speed of implementing taxes, we must say that the very Law 73 indicated this process would be gradual. One of the things we have been forced to do is to be very cautious about what we will do to avoid making mistakes. But in addition, Cuba was also the only country in the world where the financial cleansing measures that would necessarily affect segments of the population or the entire population, in other cases, were previously discussed with the entire population. Cuba is also the only country where the promulgation of taxes is discussed, analyzed, reconciled with representatives of the sectors that will be affected by the tax.

This involves — I can assure you of this — a lot of work in order to reconcile all sectors in the implementation of a tax. For instance, when a tax is to be levied on peasants, we hold discussions with companeros from the ANAP [National Association of Small Farmers], CTC [Cuban Workers Federation], UBPC [Basic Cooperative Production Units], the Ministry of Agriculture, the Ministry of Labor and Social Security, and the Ministry of the Sugar Industry. Obviously, this gives us many guarantees and improves the quality of the tax regulation, although we sometimes take more time than we would like. But I believe it is important we work based on this so that we don't go wrong. This does not mean that we are efficient or that the Ministry of Finance and Prices always acts with the speed required. This is not true; we don't do this. We must improve in this regard.

Anyway, I can assure you that the amount of taxes we have created and discussed these days, or that are already in the implementation stage, are many. These have required — I recognize this — the work of the companeros, who are also few, young and unexperienced, because here those who knew about taxes are not working in the Ministry of Finance and Prices. In other words, practice and experience will allow us to advance in this regard.

Now, regarding the actual tax. First of all, because of the commander in chief's speech at the forum closure and yesterday when we had the opportunity of learning some of the details of these same topics proposed here [words indistinct] the enrichment by certain sectors [words indistinct] that other individual sectors are attaining — which I say that it is sometimes due to our own inefficiency as a state — we shall receive from them. We learned much from them. But in addition, I must clarify the following: In the case of taxes for self-employed workers, as we explained to Leonel Gonzalez, the need continues to be the minimum contribution. I will not go into this because yesterday Jose Luis Rodriguez dealt with that. Regardless of the sworn tax declaration and regardless of the progressive tax, the very next and immediate thing is to charge the minimum contribution. As Jose Luis explained, this contribution increases according to the condition of each territory.

I remember that in the Politburo's control, I believe it was in Villa Clara, it was mentioned that there had been a complaint from a certain area that the tax was too high for some of those who were engaged in certain self-employed activities and a review was proposed. What do I mean by this? That we are convinced that these contributions are minimal. Yesterday some examples were given of certain sectors yielding great profits, which paid only between 3 and 4 percent in taxes. This needs to be increased.

What happens is that this cannot be applied in a uniform manner. This has to be analyzed on site to examine what are the sectors with this situation so as to increase the minimum contribution, which is what we are going to receive faster. Then comes the sworn declaration where

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we will apply a progressive tax and where we need to act strongly and carefully to analyze exactly the person's wealth so that we only apply Decree 149 if necessary. Instead we can charge the tax through the tax law itself. But as Jose Luis said, in the worst of cases, we should be able to apply Decree 149.

What I wanted to explain is that particularly in the case of taxes to the self-employed, because there are others types of workers who are not self—employed who are going to be taxed, we are going to assign approximately a 45- percent increase in what we had allotted in the 1996 budget. Now, we must say that everything has fallen short and it is true. What happens is that when we look at the indicators we see that we, or those who are self-employed — which comprised approximately [word indistinct] million at least in the first few months, then rose in July to 9.5 million following the boom, then 11 million, and now stands at 12.5 million — did not really have a clear idea at the time of how much it could represent. [Words indistinct] could be 30 or 40 million [currency not specified] more as a minimum. This is alright, it is correct; I believe this is right and we need to consider it.

I want to clarify a concept that deals with budget expenditures and revenue. The expenditure outlined in the budget is the maximum amount I authorize [words indistinct]. The budget, which you approved, mentions a top figure. No one can go over that amount. Revenue figures are not maximum figures, they are minimum amounts needed to guarantee coverage of expenditures. With this I want to say that as we need to keep to maximum approved deficit, we must be careful when we set revenue figures that we can achieve them because otherwise we can place in a crisis the proposed social expenditures and activities or we will have an excessive deficit.

I agree with the idea that we should always exert more pressure even if we fail to achieve something. This I agree with. We do this... [pauses] What I want to clarify is that if you add up what the provinces have assigned it is perhaps more than what I have listed here. What I mean by this is that these figures are not setting a low figure. I believe nothing should be reduced. In fact, taxes to the self-employed are local taxes. The first to be interested in increasing this should the provinces. Following the admonishment we received yesterday, I believe we should all be intent in reviewing this immediately. I am referring to charging what is already reported.

The other phenomenon, which companero Lage rightly said yesterday, is that if 100 inspectors are needed, 500 or 1,000, then we need to appoint the inspectors that guarantee this. Labor inspectors and tax inspectors. They have to be appointed. That inspector then recovers what has to be spent on his salary. But in addition, because this is a problem of state discipline. it guarantees a disciplined tax collection.

To clarify, when we were drafting the budget this amount seemed a reasonable figure at the time. Today, after two months, that figure has fallen short. That is true and we are all going to work to reduce the deficit. Remember the deficit is a maximum figure and everyone has to work to reduce it.

Regarding a mention of increased social spending, this was not criticized, but I do want to clarify something. The increase in budgeted spending is not true. Total budget expenditures are less than last year's. What happens is that part of the entrepreneurial savings with the additional resources will be devoted to improve sectors that have been affected and are vital, such as education and health, and to acquire certain materials that are needed. It is not right to drop school maintenance, or not improve nourishment levels, if we can, to students and those who are ill. This is what is planned.

I want to clarify that this increase is less than the 50 percent of what is estimated to be the GDP increase. Therefore we continue to work on the basis of improving the social expenditures compared to the GDP increase, in other words, to our production increase.

I agree that we need to clamp down and we are working on this. We need to also take into account... [pauses] it is important to keep in mind that the tax administration is young, it is new, and it has talented young professionals who are wrapped in a spirit of honesty, dignity, and incorruptibility. In addition, we are requesting provinces, popular councils, deputies to keep these boys under control and under check. These boys also need to know that they too will be under surveillance by their fellow workers, by their neighbors, by their municipalities, by everyone. This is fresh blood that we need to keep totally clean because the state's future income depends on them.

In fact, the draft bill that is up for proposal by this assembly includes the need to develop the tax administration, to receive support from the provinces in order to work together to help conclude the required municipal network. We are seeking the resources, many through donations and others from revenues, to be able to outfit those offices with the minimum tools needed to work. It is not possible, and this was clarified in a previous meeting, to establish an efficient tax administration manually. This has to be done by computer, because we are talking of the control of

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millions of people and several taxes. This is the other concept I wanted to explain.

Regarding the subsidy for the Mincex [Ministry of Foreign Trade] proposed by companero Alfredo Reyes, it must be clarified that the subsidy for losses for Mincex differs from those for other ministries. In the case of Mincex, the subsidy listed as losses is what was formerly reported as price difference in the budget, namely the difference between the prices at which Mincex must buy and those at which it can sell, or between those at which Mincex must buy and those established internally.

This does not mean Mincex cannot be more efficient. Indeed, Mincex must be more efficient by purchasing at lower prices and selling at higher prices. That is clear. But what I want to say is that sometimes this does not depend on the Mincex alone. For instance, the difference between this year's subsidy and that for next year depends on the price of sugar. This consideration in itself... [pauses] We are aware of the efforts done by Mincex to forecast sugar prices. This is monitored weekly in meetings presided over by companero Lage. We monitor the current prices, where we stand, and how we can plan ahead based on world prices. But that difference in itself causes an estimated loss of 100 million pesos with respect to what we had this year. This results from price problems and [words indistinct] with a group of products. Therefore, we must discuss this with Mincex. We must discuss ways to reduce Mincex spending and make it more efficient so that it buys and sells more effectively. But I want to point out this subsidy is not the same as those for other state entities.

Regarding the proposal made by Lazaro Barrero concerning the Ministry of the Sugar Industry [Minaz], we must say first that the figure we reached when the first estimates from sugar companies and the UBPC came out, was hasty. We must be clear about this. Our Ministry has worked hard in this regard. Today, the adjusted subsidy for losses estimated by the Minaz after closing time — we must of course have a closing time to print, make estimates, etc. — was revised upward from 536 million to 560 million pesos. This requires an important effort because, as noted here, this represents a significant reduction with respect to this year's 630-million subsidy for losses.

I agree it is possible to continue to reduce this subsidy. However, in the case of the UBPC, the amount we estimated is way below what the UBPC programs presented. These programs were not accepted by the Minaz and are in the process of being discussed. We maintain these figures. Even our colleagues in the Ministry dealing with this sector were concerned that this figure would make it difficult for us in the future to obtain the much-needed financing for the sugar sector.

This year, we have allotted an additional amount to this sector but it has not been given in the form of a subsidy. It has been given as a loan, which will later be analyzed in detail. This year's budget includes some sort of allotment which will be analyzed and for which responsibility will be demanded in each council, CAI [Industrial Automation Center], or company in whatever months are necessary. We will demand an explanation on the reasons behind losses, if they resulted from weather conditions, a low harvest yield, the need to extend the harvest period, or if they stemmed from inefficiency. This is being done at the province and people's organs level, and we are doing it to prevent the granting of automatic subsidies, as we did in the past.

This also responds to what Lazaro said regarding the budget deficit for provinces. For us, the statements made by companero Raul, FAR [Revolutionary Armed Forces] minister and Army general, have been extremely important. He said that the provinces' and municipalities' struggle against the deficit should be declared a precondition for considering them ready for the defense in the second stage.

However, we must recognize that the distribution of income and expenditures between government and provincial budgets — we explained this yesterday in the Turquino Plan Commission — is not the most appropriate. Based on the new conditions, we must examine what income we must let provinces keep in accordance with... [pauses] This is already contemplated by the new tax law regarding taxes on the labor force. We must seek a more just form of income distribution. In addition, we must cut provinces' state funding so they are forced to struggle to reduce their deficit. We are not going to eliminate their deficits through financial mechanisms, but we want their deficit to reflect something they can work on.

An example of this can be seen in Isle of Youth. It would be illogical for me to reduce or use Isle of Youth budget — even if they pay for it — to finance the expenses of foreign-born scholarship-holders staying there. This is not a decision of the island. Even if I take that away, the island will not be efficient as long as it does not produce more citrus fruits or does not develop rice production in the south. But they must work to accomplish these objectives, which should be attainable. This is in keeping with the statements by FAR minister, which is aimed at seeking efficiency and benefits for all provinces. Therefore, I thought this was important to note.

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I believe I have answered the fundamental issues. For us, the discussions we have maintained these two days — Sunday and Monday — with the commissions have been very stimulating. These discussions have been very interesting and important. They have moved us to think about the possibility of improving our work and information. We are very happy over the agreement reached by the Economic Affairs Commission to monitor budget compliance. This will allow us — organizations, provinces, municipalities — to exert better controls and make better predictions.

Assembly Closes Session

PA2912125695

[FBIS Editorial Report] Havana Tele Rebelde Network in Spanish at 0300 GMT on 28 December broadcasts a recording of "the development" of the last session of the sixth regular period of the National Assembly of the People's Government (ANPP) at the Conventions Palace in Havana on 26 December.

ANPP President Ricardo Alarcon calls for the resumption of the meeting and gives the floor to Education Minister and Deputy Luis Gomez who states the following:

"Comrade President and Commander in Chief: What was discussed today was what it means to have preserved the victories of the revolution and socialism for our country and people, victories that could not be limited to education and health. When we discuss the plan today, the first victory we can show at the end of 1995 is that the country remains free, independent, and sovereign and that the Cuban people's dignity is up to the effort these people have made.

"There are many other victories that could be discussed here to justify the country's economic effort. I will refer to one of them; that is, education. Undoubtedly, to have preserved education under the condition many comrades have explained in these years has truly been an achievement we regard as an achievement of all the people. The Cuban family and all the people have been involved in the defense of the principle that education should be universal and free of charge. In one way or another, everyone has cooperated so every child can have his uniform and footwear and the essential supplies to go to school. The People's Councils, party leaders, and the government have participated in this effort. They regard education as something sacred, and, apart from the resources, means are always being sought so schools are not closed and so both teachers and students can work under the best possible conditions.

"The revolution has spared no efforts in these years. Despite the difficulties and economic problems discussed here, we have had at our disposal more resources than in 1994. I believe we have to add to all this the patriotic response of all the teachers, those voluntary teachers who heeded the revolution's call at the beginning to all the pedagogical detachments that have been undergoing a severe test in these years. I believe there is no better reward than the chief's words in the closing of this forum today, when teachers are regarded as an example of unselfishness, humility, and purity. I believe the teachers have not aspired even to this recognition. We believe it is very encouraging for all our comrades to have this fact recognized today.

"We have held FEN (Federation of National Students) and FEU (Federation of University Students) congresses. I am referring to matters that perhaps cannot be assessed in terms of budget allocations but which, nevertheless, constitute the country's most valuable assets. We deem it important that in the assembly debate we all can have a good command of the economic information we should have, such as how much everything costs. In addition, we should all get acquainted with economic recovery and the steps the country must inescapably take. I believe that we lack education and that we do not always have an explanation as to from where the resources come.

"We have said more than once: Education is free indeed, but it costs, and the resources for education must be taken from somewhere; otherwise, it would have been impossible to come here today and say that no school was closed, that no child was left without education, and that no teachers, including the 17,000 teachers who are being prepared for a higher position, have been left jobless.

"Throughout all these months and years, we have heard it said with ill intent in the slander campaigns against the revolution, which some echo from within, that the Cuban worker's salary is worthless. It was said before that a 300-pesos salary was the equivalent of $2. It is said now that this salary is the equivalent of $10 or $12. Those who speak like this ignore all the social benefits entailed in having education, health, social security such as ours, the right to a home and other benefits the country has been guaranteeing.

"To illustrate what I am saying, I would like to mention a single item: Of the 2.434 billion pesos proposed to the assembly for the education budget, which includes all of education, we will contribute less than 90 million pesos after we eliminate free of charge services and other things that had been done, including collections from children's day care centers, which have always had a very advantageous rate for workers, because it has never been their purpose to finance children's day

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care centers. Through the contribution of children's day care centers, we collected 40 million pesos. Children's day care centers cost the country more than 100 million pesos every year. This is just to give you an idea. Forty percent is contributed by the family that receives the benefit from the children's day care centers.

"We believe it is also essential to mention in this explanation so as to justify these figures on education that it is impossible to do this in a weak state; therefore, we must defend the state's strength and strengthen the state's revenue if we want to have the education we now have and the other activities we have mentioned here. It is impossible to have an education such as ours in countries where the state has relinquished its right to manage the wealth, to obtain most of the revenue, countries where the revenue goes to the capitalists' pockets. At present, if you go to a developed capitalist country, you have to pay between $500 and $700 monthly in order to be certain your child attends a school where he will not be given drugs in the form of a candy; otherwise, you will have no safe school, your child could be assassinated, or he could come home turned into a drug addict.

"At present, if you want to enroll in a university—and I will not mention developed countries—you will have to disburse between $2,000 and $3,000 a year, not including the rest such as board, tuition, books, etc. Let us not talk about those universities that cost between $15,000 and $20,000 a year. This is why we have to say that only in a state with these possibilities can these improvements be maintained as we have been doing. We must also take into consideration that the economic battle is also a political battle. We must ensure that the people, the young in particular and even the children, must understand that these improvements have been helped by something that has been mentioned again and again by the commander, something that has a political and economic importance. We are talking about taxes. [Words indistinct] it is essential for us to be aware that we all must contribute to the extent of our possibilities. We would not be consistent with the revolution's policy regarding the economic recovery if we do not wonder about from where the 1.4 billion pesos for education come, if we keep thinking the state must procure all of the resources we need without demanding anything in exchange either individually or collectively, as the case may be.

"I want to say I know this budget has also been discussed by commissions too, some of whose members are concerned about why the cost of education is going up while others are concerned about whether there will be enough money. In my opinion, what the country's leadership has proposed to this assembly is fair and corresponds to the needs as a function of the country's present possibilities. We have to raise expenses and salaries slightly this year also as an effect of the country's economic recovery. While in 1993 and 1994, together, we lost approximately 35,000 teachers because they thought their salary was not an incentive for their work or simply because they became ill due to the physical conditions in which they had been working. We must now say that the number increased by 7,000 in 1995, meaning, a significant number of companeros has gone back to work, even companeros who had abandoned our ranks; this does not mean we have attained the number of teachers we had before. We still have 35,000 fewer teachers than we had in 1990. Regarding 1994, a certain salary raise is justified and needed.

"We would like to say that 15 million pesos are being allocated so graduates from the Pedagogical Institute who are entering the ranks of teachers for the first time and those who joined the ranks in September and who, of course, continue to earn their salary in January, as well as those who will join in September 1996, must be paid from the salary fund that must have been provided to cover the September-December 1996 quarter. The university graduates being appointed and obtaining a job and salary are also considered in the proposals being presented. We believe teachers have not been deprived of their rights according to the salary scale. Although this scale is modest for the present time, it represents $14 million pesos more than what we must guarantee for the implementation of the salary scale for teachers.

"In material terms, I can say this budget means not only that students will have teachers and that we spend 60 percent of the budget in salaries. For this reason it has been said with much pride more than once that Cuba is the country with the largest number of teachers per capita, although in certain places we have numerous groups of students. Wherever there is a child in a mountain or a rural area, there is a child or a school, and sometimes it is opened with one, two, or three children. We have more than 200 schools with less than five students so peasants and farmers do not have to move and their education can be guaranteed. I believe all of the companeros who have read and have learned what happens outside of Cuba and those who studied before the revolution will remember the tragedy of the textbooks. It is a big business. In oil producing countries, some families have no access to textbooks because they greatly exceed the salary of several months and the entire family income.

"When we speak about education, we are not talking about teachers; we are talking about lending the children textbooks so the family does not have to rely on its

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income so the child can have a book to study. Books, pencils, and uniforms are guaranteed at the 1995 levels. This year was much better than 1994, at least for the new students in each of the levels. We have improved in the distribution of school footwear. An important effort was made in school repairs in 1995. Thousands of schools were repaired in the country, some more, some less. At present, we have already assigned construction materials, such as 5,000 tons of cement, to be distributed in provinces and territories to repair schools.

"We do not have enough resources. We do not have enough resources to repair as many rural schools as we would like. This maintenance problem is an old one. It is not a problem that has resulted from the special period, but it dates back to many years ago. We believe it is important under these conditions to allocate a minimum of resources for school repairs, because any amount is significant in many places. We are making an effort to provide boarding schools with the facilities they have lacked in all the previous years. In addition, we believe the resources at our disposal in 1996 will register a certain increase that will enable us to purchase some equipment for the students to learn about the latest political developments and to entertain themselves. We are specifically planning to purchase some television sets, in keeping with our means.

"We are working jointly with the Agriculture Ministry to improve the supply of food for the students. We are doing all this based on the consideration that approximately 600,000 Cuban students eat at school, while 240,000 students receive room and board in the schools we supervise, in addition to college students.

"I wanted to discuss this issue and make this statement, because I believe, considering every aspect the commander in chief has talked to us about, each one of these cases with which we all are familiar at the provincial, municipal, and people's council levels demonstrates the reason behind the measures that must be adopted by the revolution. Tackling this issue will help us answer the questions of why we must achieve economic efficiency, why we must strengthen the state's economy, and why we must ask those who are earning steep incomes to contribute more. The children of these people attend schools, and their relatives use the hospitals without anyone ever asking their names, where they are from, or where they work in order to educate their children or provide medical attention to their children or any other relative suffering from any type of disease, but people are not always aware of how much they should contribute.

"I believe we have an opportunity to reflect upon and discuss this matter in every community and to appeal to people's consciousness. We must adopt the necessary organizational measures and demand the discipline the country needs so all of us can respond, as has happened every time the commander in chief has made a call. As for the celebration of this assembly, we should establish a true, nationwide, mass movement to promote the economic recovery we all know we need and wage an open fight against the indiscipline and deficiencies we still face. Many thanks, Mr. President."

Alarcon then gives the floor to Public Health Minister and Deputy Carlos Dotres, who says:

"Dear Commander, dear companeros: Public health is in a crisis in the world, especially in the Third World. The neo-liberal privatization formulas are widening the gap between those who do not receive the services, the majority, and those who have a few services, the minority.

"The formula of more socialism and more revolution in Cuba has been a characteristic of this revolutionary process, particularly during the special period years.

"The impact of the economic war discussed by our commander and mentioned by Alarcon has logically had an impact on all our social spheres. It has impacted us in the national health system. Despite this, due to our commander's genial decision to strengthen primary health care and to disseminate high level medical attention throughout the country, we were able to guarantee during these past five years of the special period, from which we are beginning to recover, fundamental health indexes to the Cuban people.

"The country's child mortality rate has been below 10 per 1,000 live births for the past three years. This year, which is drawing to an end, will also conclude with less than 10 deaths per 1,000 live births, a mortality rate better than last year's thanks to grand efforts and sacrifices, thanks to political will and dedication, which is demonstrated with this kind of performance that is being presented to the consideration of parliament.

"Cuba has the lowest per capita of people per doctor, or the highest per capita of doctors per population. We will graduate 3,200 doctors this year. A total of 18,000 doctors have been graduated during the special period. We will have 60,000 doctors by the middle of this year. This is true also with the training of nurses, technicians, and other professionals.

"This situation, this human achievement, this political will that is a model for the Third World is possible only in a truly revolutionary and socialist atmosphere, which we have now. This is why we say, as Companero Otto said a while ago, that for Cuba's more than 300,000 health care workers, the responsibility we acquired

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to continue developing health programs and strategies to guarantee better results for our health system is important. We have no doubt that we will achieve and that we will increase by more than 30 percent the foreign exchange the sector will receive, a proposition that will be presented to you in a few minutes. This represents a commitment and a sacrifice for the sake of health, renouncing, perhaps, to other development aspects to give priority attention to health, education, and social security.

"We, the 300,000 health care workers, are very committed to this effort, and we declare to our assembly, to our parliamentarians, and to our people that we will undoubtedly continue to improve health indicators and make progress on the work our people deserve."

Alarcon then announces the participation of Vilma Espin, president of the Federation of Cuban Women. She says she agrees with Economy and Planning Minister Jose Luis Rodriguez' statement that tax evaders will be punished with five to eight years in prison, because "impunity is causing harm." She adds that there is great concern regarding theft and lack of monitoring. She notes that concern increased when the expansion of self-employment was approved, stating: "People tell you they are selling this or that, and no one sees anything. Everybody knows it is stolen, but the person is not jailed or taken away, and the stolen goods are not confiscated; in other words, it is a worrisome situation because of that impunity. Some time has passed, and we are not yet vigorously undertaking the initial investigations to give out licenses and subsequently apply the weight of the law on those who are stealing."

Alarcon then says the assembly is ready to consider "the 1996 budget bill and the national economy plan guidelines that serve as a basis for it." He calls for a vote and after calling for those in favor, those against, and those abstaining, he states, without giving an actual tally of the vote: "I believe we have unanimously approved the state budget law for 1996 and the guidelines of the national economy plan for 1996."

Alarcon says the next point refers to the discussion and approval of the ANPP regulations. He says he knows there are opinions that demand greater discussion and consultation before proceeding to the presentation of the final version of these regulations; therefore, he believes these consultations should continue and proposes that the current regulations continue in force and that the point be moved to the next regular session of the ANPP. After a vote, he announces: "We have decided to postpone the consideration and approval of the ANPP regulations until the next period of sessions."

Alarcon says that the next point is the approval of decree-laws and agreements of the State Council but that in the period from 1 August to 30 November 1995, the State Council has not promulgated decree-laws so only an informative document with the agreements approved by the State Council is being circulated among the deputies. Alarcon then gives the floor to Secretary Ernesto Suarez Mendez for the consideration of assembly business.

Suarez takes a vote on the creation of a Cuba-Slovakia Friendship Group, which receives the assembly's approval. He says another point is the proposal for changes in the members of some of the assembly's standing committees. Suarez does not read the changes, only noting two corrections in the document the deputies have. He takes a vote, and the document is approved. Suarez then refers to the activities to commemorate the 20th anniversary of the people's government bodies next year.

Alarcon then introduces Deputy Enid Alen Prieto who proposes the "designation of 1996 as the centennial of the death in combat of Antonio Maceo."

After a vote on her proposal, Alarcon says the proposal is unanimously approved. Having concluded the discussion of the agenda, Alarcon says he will proceed to close the session. Before pronouncing the session closed, Alarcon says: "We just decided that 1996 will be placed under the spirit, the remembrance, the thought, and example of Antonio Maceo Grajales, the same way this year has been presided by the unforgettable remembrance of Jose Marti."

Alarcon continues to highlight the independence efforts by Maceo and Marti. He says: "The Cubans of this era are showing the world that it was not for naught that Jose Marti was born on this island, that it was not for naught that Antonio Maceo was born on this island.

"When we dedicate a year—we should do so every year—to the memory of Jose Marti or to the memory of Antonio Maceo, it is because we are truly dedicating that year. We are ending a hard, difficult year of sacrifices but a year at the end of which we can show results and achievements that are the consequence of the sacrifices and efforts we have all been able to make. We are reaching another year that will also be hard and difficult and that will demand sacrifice and the spirit of Marti and Maceo, but it is also a year that opens new possibilities, a year that [words indistinct] capable of advancing and that opens the prospect of continuing to move forward, to the extent we are capable of continuing to resist, to the extent we are capable, as we will be, of basing ourselves on the will [words indistinct], the patriotic will, the will to always adhere to our principles, to struggle without pause or rest so Cuba will continue

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to be what it is today: Bulwark of the most noble, the most pure, the most generous ideas humankind has ever brought forth. "Those are also the ideas that generated the Cuban nation, the ideas that gave life to Marti's party and the efforts of that glorious generation of a century ago.

"With the conviction that we have been equal to our historic mission, with the confidence that we are capable of working with tenacity, intensifying efforts, strengthening discipline and order, and, above all, of maintaining our cohesion and the steadfast unity of all patriots, we can bid farewell to this year with legitimate satisfaction, and we can welcome 1996 with conviction and confidence in the future.

"Long live free Cuba! (audience shouts: "Viva!") Independence or death! Socialism or death! Fatherland or death. We will win! (applause). Best wishes to our heroic, self-sacrificing, and revolutionary people on this new year.

"I declare closed the sixth regular session of the fourth legislative term. [applause]"

APPP President Notes Havana Residents Achievements

PA3112155595 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Dec 95

[Report by Pepe Suarez in Havana from the "Doing Radio" newscast]

[FBIS Translated Text] My best wishes to "Doing Radio" listeners in the coming year. The 37th anniversary of the triumph of the revolution finds the city of Havana carrying the distinction of having been the historic site of major developments in the nation's life and a vital part of the international projection of the Cuban revolution. Conrado Martinez Corona, president of the People's Government Provincial Assembly, reflected on them with the delegates of the Havana City government entity.

[Begin Martinez recording] The year that is drawing to an close witnessed the worthy tribute the Havana people paid to Cuban national hero Jose Marti on the 100th anniversary of his fall in combat. Events of unique importance took place in Havana, reaffirming the ideals of Marti and Fidel and expressing unequivocal support for the revolution. All of us recall the en masse and patriotic participation in the process to elect district delegates and the 5 August march in (?Cubamil). The year leaves in us the emotional memory of signs of solidarity with Cuba conveyed to Fidel at the Bariloche Ibero-American summit and the Nonaligned Movement summit in Cartagena de Indias, in the activities marking the 50th anniversary of the United Nations, and during his recent visits to the PRC and Vietnam. The resounding victory at the United Nations over the Yankee blockade is a landmark in the old confrontation in that forum and goes on record in the 1995 agenda. The year 1995 leaves us with its modest progress and with heightened sentiments of patriotism and anti—imperialism that come from Marti, and a deeply-rooted conviction that we can do things with our people's spirit of victory, their unity and cohesion around the party and Fidel, and Spartan and irrevocable decision to save the fatherland, the revolution, and the achievements of socialism. We will reach the 37th anniversary of the triumph of the revolution and the 100th anniversary of the fall in combat of General Antonio Maceo. His rebellious nature, strength, and principles summon us today. The year 1996 will be decisive in the final upsurge. Striving to achieve it is the sacred duty to which the fatherland is summoning us. Long live free Cuba! [end recording]

This year is coming to an end. From Havana, on the threshold of 1996, I wish all of you a happy new year along with us at "Doing Radio."

Castro Criticizes Workers in ANPP Address

Sugar Sector Workers React

PA0101194796 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Dec 95

[By Isabel Linares from the "Doing Radio" newscast]

[FBIS Translated Text] In the final session of the National Assembly of the People's Government [ANPP] our commander in chief criticized the sugar sector workers for failing in their responsibilities.

This is what the Camaguey workers have to say about this, in the voice of Efrain Otero, Camaguey's Sugar Ministry representative.

[Begin recording] [Otero] In our province, this criticism is being seen as an appeal for results. Not only for compliance with the sugar production program, but for perfect compliance.

The province is working to continue making progress in the harvest season, to correct problems, and to rescue the sugar harvest. We have decided to incorporate more than 5,000 sugarcane cutters to continue to fulfill cut and loading norms and to give priority attention to the organizing of harvest combines to maintain milling levels and factory efficiency so that by having sugar, efficiency, and industrial norms we may live up to our sugar production plan.

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This is the answer the province has for Fidel's appeal, which all the people of Camaguey see as a call for good results and efficiency.

[Unidentified reporter] Do you think that preparations for the 1995-96 harvest have been efficient enough to assure a good harvest?

[Otero] We have some difficulties. We have problems with tractor tires and spare parts. These difficulties are due, to a large extent, to our failure to fulfill last year's sugar production program so that we have to work intelligently and creatively and with much motivation to draw the best out of all the work units so that in spite of limitations we may fulfill this year's sugar production plan. [end recording]

The people of Camaguey have integrity and it is with this spirit that they are working to have an efficient 1995-96 harvest. The answer to Fidel can be nothing but production.

Construction Workers React

PA0101203996 Havana Radio Rebelde Network in Spanish 1255 GMT 29 Dec 95

[From the "Doing Radio" program]

[FBIS Translated Text] During the last session of the National Assembly of the People's Government, Commander in Chief Fidel Castro stated that construction workers have failed the revolution. Therefore, Varadero construction workers are trying to make up for their failure and many of them have suspended their vacation to assure a minimum delay in the completion of ongoing projects in the tourism sector, during the end of year festivities.

The loss in tourism development's sequential construction investment program [perdida de la secuencia constructiva en el program inversionista] in Varadero — one of the topics broached during the Politburo's work visit to Matanzas in September 1994 — is still a pending issue. Following Fidel's criticism of Cuban construction workers, Radio Rebelde interviewed Raul Testar, chief of Varadero's branch of the Union of Caribbean Construction Enterprises [UNECA]. Testar stated that there have been measures implemented to stop the deterioration in the investment process, with actions intending to rescue pride in the construction sector, such as uninterrupted work days during December.

The majority of UNECA's work force, responsible for over 50 percent of nationwide construction efforts, is working at year's end in Varadero to offer — at least partially — deliveries of its most decisive projects: La Sirena, Oro Verde, Bella Costa, and Punta Blanca Hotels.

The Heroes of Playa Giron Contingent is the center of an almost 6,000 man work force, which also comprises brigades of Villa Clara's Abel Santamaria Contingent, Havana's Blas Roca Contingent, and support teams from Santiago de Cuba, Camaguey, and Holguin. These workers represent the vast majority of the Cuban construction force, and following Fidel's criticism, the path to recover the pride in the construction sector that these times demand is a priority for them. Thus, Varadero's construction workers have answered Fidel's criticism.

Commentator Assesses Castro's Comments on Sugar Workers

PA0101220896 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Dec 95

[Commentary by Leonardo Maso Reyes; from the "Doing Radio" newscast]

[FBIS Translated Text] The year 1995 demanded of the Sugar Ministry its best effort. This year was the year of the renaissance of sugar production. It set the stage for halting the plunge in production in that sector.

The first four years of the past five-year period were characterized by a progressive drop, not only in sugar production, but also in work quality in a general sense. The negative impact of this situation on the national economy was really serious.

This is why in referring to the sector in the latest session of the National Assembly of the People's Government [ANPP], Fidel Castro affirmed:

[Begin Castro recording] The sugar sector has let down the Revolution. The country has failed to receive more than $2 billion in the past three years, when our production level dropped. It had to drop. There were failures, and there have been significant income losses. [end recording]

Some people who heard Fidel believe Fidel was harsh with the sugar sector people, that he was tough with them. I actually think that Fidel was just accurate, very accurate, in his conclusion, because if in the past three years production dropped when it had to increase, then there is no doubt that somebody failed the Revolution in this regard. How much they failed and why have they failed?

The first question leads us to the conclusion that the progressive production dive was not warranted by the effects of lack of fertilizers, herbicides, and other supplies sugarcane needs.

For example, it is true that if fertilizers are not applied on sugarcane, it suffers a 10 percent drop in yield, but

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the drop in our case was 50 percent. Why? Because of faltering work, lack of efficiency, lack of quality work, and the forsaking of sugarcane.

Listeners will remember that in the past two years I visited the country's sugarcane fields from January to December. They may recall that one day I broadcast from daybreak until sundown from sugarcane fields, and I found no single man cleaning the fields, no oxen, and no tractors cultivating the cane. If I found a man or a team of men at work, they were working in self—consumption areas.

Fidel was accurate when he said that the plunge was inevitable, but that the plunge had been unjustifiably severe. He was passing judgment on diffidence, on the lack of firmness by technicians and engineers, on the apathy of work teams that entered fields at one end, and left it at the other end without having done their work.

He discussed the shrub that asphyxiated the sugarcane, the grass that took control of the fields, the marabou weed that grew inside Cuban sugarcane fields. I remember that when I broadcast from some areas of the country, I did it standing in front of areas filled with marabou weeds and sparse sugarcane, so that the people could get an idea of the many marabou weeds present in those fields.

So Fidel was very accurate when he affirmed that those who permitted this to happen, let down the Revolution. I think Fidel was gentle. He could have evaluated the situation differently.

[Begin Castro recording] Abandonment, carelessness, disregard for the seeds. All that. [end recording]

The seed matter was very serious. I visited all the seed supply centers in the provinces of Guantanamo, Santiago de Cuba, Holguin, Las Tunas, Villaclara, Cienfuegos, and others and in other parts of the country, almost 100 seed supply centers, and to be honest, they should not be called supply centers. Most of them were veritable grasslands. In those days I used to criticize those grasslands, and some friends did not like it, but I did it because land that was to serve as a healthy reservoir, since it had to guarantee the raw material of our country's foremost industry, was covered by grass.

Those who permitted this to happen, those who did this, let down the revolution. I think Fidel was, as always, fair in his evaluation. This allows me to disagree with those who think Fidel was harsh or tough with the sugar sector people in the latest ANPP session. As a sugar sector journalist and as a Cuban, I see in Fidel's comment on the sugar sector a call for recovering a dignity that has been characteristic of the sugar people. I see this as an appeal for an intensification of work, a word of alert not to sit down to relish the modest sugarcane growth we have now.

I want to say at this point that the sugar industry is a system. Having a bit more sugar now is not all. We have to cut it, clean it, load it fresh, and do this well, and then efficiently process it industrially.

Once the results of all this is in, once we have paid our creditors to be able to secure new credits, and once this turns into foreign exchange for the benefit of the economy, at that moment we would have given the revolution a suitable response.

To conclude, in Fidel's passing of judgment, I see no questioning of the dedicated men who went barefoot to the sugarfields, wearing inadequate clothes and not having the best equipment; or the technicians who are dedicated people and who are responsible about their work. I do not see criticism in Fidel's evaluation. I see much trust. The sugar workers will know what to do.

Foreign Minister Robaina Assesses International Support

PA2912222295 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Dec 95

[Report by Zenaida Costales; from the "National Radio News" newscast]

[FBIS Translated Text] [Costales] This year was undoubtedly an important year for Cuba's diplomatic offensive which brought to the forefront the resistance of the Cuban people against a blockade which has lasted over three decades. This is why Cuba attained such overwhelming support at the United Nations, increased relations with countries in every corner of the globe, and attracted the ever growing interest of those who dare to invest in Cuba.

This is what Foreign Minister Roberto Robaina said in this regard.

[Begin Robaina recording] I believe that, for example, the international community learned that 117 countries supported at the United Nations the struggle which Cuba has been waging for 37 years, and more diplomatic relations that ever were established with new states. This was also one of the years when we were able to engage all our diplomacy and diplomatic personnel for the benefit of Cuba's economy, to attract foreign investors, and the people's resistance made it possible for us to relay that message of perseverance, and therefore somewhat contribute to boost the solidarity which arose toward our people this year. We were able to relay in some degree the resistance of the people and in that same degree the prestige of our people grew in the

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international arena. I believe these are the elements that summarize the efforts conducted this year. [end recording]

[Costales] In the opinion of Foreign Minister Roberto Robaina, having Commander in Chief Fidel Castro Ruz play a role in foreign policy was a privilege for Cuban diplomacy.

[Being Robaina recording] I would add that this was a great year for us. It was great because he who dealt with the domestic affairs of the country, was the one able to express in the international arena, without intermediaries, and in his own words, what we have achieved. Therefore, he destroyed myths, created new myths and was likewise able to explain to the world what we are and what we do, what we are willing to do, and what we are not willing to do. I believe he contributed as much as a figure such as his can contribute. [end recording]

Government To Limit Internal Migration to Havana

PA0101230296 Mexico City NOTIMEX in Spanish 2130 GMT 31 Dec 95

[FBIS Translated Excerpt] Havana, 31 Dec (NOTIMEX) — Esteban Lazo, regional leader of the Communist Party of Cuba (PCC), announced here today that Cuban authorities will impose legal limitations on the growing migration of citizens from the provinces of the country to the capital city.

The decision announced by Lazo follows repeated charges made by top leaders, including President Fidel Castro, on the increase of migrants arriving to take up permanent residence in Havana, a city of 2.1 million inhabitants.

In statements to the regional TRIBUNA weekly, Lazo stressed that the offensive against migrants, whom are known as "illegals" in official language, must also include rejection by the Havana population.

"It is evident that the revolutionary forces are not acting with all strictness" to stop the continuing migration, the PCC leader in Havana stated. Lazo, who was cited by TRIBUNA, said: "The police do not have to resolve everything."

According to official statistics, the city of Havana had a net growth of 17,000 inhabitants last year; a third more than the average in the two previous decades.

Concurrent to the deep recession in the country, internal migration has increased in Cuba in the past years and is part of the efforts made by residents in the provinces to improve their income and get urban services.

However, Havana experiences a housing crisis, because almost half of the 556,000 houses in the capital city are 46 years old on average and are in bad condition, and more than 132,000 of the damaged houses are considered irreparable.

Havana Mayor Conrado Martinez Corona told TRIBUNA that approximately 4,000 houses were built this year and that another 10,000 will be available in 1996. He also reported that 500 "housing estates" [ciudadelas] (apartment buildings) have already been repaired. [passage omitted]

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Ambassador Predicts 'More Bitter' U.S. Criticism

PA0101005996 Mexico City XEW Television Network in Spanish 0400 GMT 29 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] Mexican Ambassador to the United States Jesus Silva Herzog believes Mexico will be criticized during the upcoming elections campaign in that country.

When Mexican President Ernesto Zedillo visited Washington in October of this year, he found that the special and positive image Mexico enjoyed during the first few years of the Clinton administration has disappeared.

[Begin Silva recording] Following the problems we have gone through, we are undoubtedly facing in some sectors of U.S. society a deterioration of the image our country had. [end recording]

The Mexican ambassador noted that there has been almost no single week in which the country has not experienced some kind of problem or incident that rocked the Mexicans and that caught much attention from many U.S. sectors and U.S. public opinion. This Mexican condition involves the financial and economic crisis and the political scandals.

In spite of obstacles, the U.S. position is one in favor of cooperation. [passage omitted]

For the first time in history, Mexico's economy has been subjected to U.S. Treasury Department analyses that are to be delivered to the U.S. Congress.

Mexico has tried to resolve the problems of the tuna embargo and the Mexican cargo trucks that must adjust to U.S. security regulations. Mexico lost the extradition case involving former Deputy Prosecutor General Mario Ruiz Massieu.

In California State, Resolution No. 187, which denies medical assistance and education to illegal immigrants and their children, was passed. In 1996, for the first time in history, matters that directly involve Mexico, such as illegal immigration, drug-trafficking, and NAFTA, will form part of the U.S. presidential campaign.

[Begin Silva recording] We must realize that in the next few months our country will be debated and criticized, perhaps in a more bitter way than in recent months. [end recording]

The year 1996 will be a difficult year for Mexico in bilateral relations. It will have to serve to rebuild our image, to revamp our economy, and to mitigate situations that produce vexatious expressions that can be heard in the United States.

Foreign Secretariat Condemns French Nuclear Testing

PA3112182695 Mexico City XEW Television Network in Spanish 0400 GMT 29 Dec 95

[FBIS Translated Text] The Mexican Government today condemned the atomic tests being conducted by France. The government said nuclear tests negatively affect international trends in favor of an absolute ban on such tests.

According to the Foreign Relations Secretriat, in 1996, Mexico's foreign policy will put emphasis on the signing of a treaty banning nuclear tests. If this is not signed, Mexico will initiate consultations with other non-nuclear countries to adopt measures to prevent nuclear tests.

And as usual after nuclear test explosions, American regions suffered quakes after the French nuclear test. In California's Sierra Nevada region there was a quake that registered 5 in the Richter Scale. The tremor was felt from San Francisco to Reno, Nevada. No one was reported injured and there was no property damage.

In Mexico there were two tremors. One in the Colima coastal area. This tremor registered 4.7 in the Richter Scale. No one was injured and there was no property damage. The other tremor took place in Guerrero State at 1155. It registered 4.2 degrees in the Richter Scale. No victims or property damage was reported for this one either.

President Zedillo Makes 5 New Cabinet Appointments

PA3012040795 Mexico City NOTIMEX in Spanish 0311 GMT 30 Dec 95

[FBIS Translated Text] Mexico City, 29 Dec (NOTIMEX) — On 29 December, President Ernesto Zedillo made five new cabinet appointments, including the secretaries of the comptroller general and of energy, the Presidency has announced.

Zedillo appointed Arsenio Farrell Cubillas as new secretary of the Secretariat of the Comptrollership and Administrative Development (Secodam). He will replace Norma Samaniego, who was appointed adviser to the Presidency, the source added.

Ignacio Pichardo Pagaza was replaced as energy secretary by Jesus Reyes Heroles, who was general director of the National Bank of Public Works and Services, Corp.

Carlos Almada Lopez was appointed head of the Presidency General Media Directorate, replacing Carlos Sa-

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lomon Camara who was appointed National Lottery general director.

The Presidency also announced that Emilio Gamboa Patron, who was National Lottery general director, was appointed general director of the National Fund for the Promotion of Tourism [Fondo Nacional de Fomento al Turismo].

Bank of Mexico Intervenes in Foreign Exchange Market

PA3012040195 Mexico City Radio Red Network in Spanish 0000 GMT 30 Dec 95

[Report by Antonio Guzman from "The Night Monitor" newscast]

[FBIS Translated Text] [Anchorman Martin Espinoza] For the second time in less than two months—actually, for the fourth time in less than two months—the Bank of Mexico was forced to intervene in the foreign exchange market, because the pressure on the new peso was strong. We greet reporter Antonio Guzman.

[Guzman] The Bank of Mexico concluded the year with its fourth intervention in the foreign exchange market. The bank stepped in to ease the pressure unleashed against the new peso in recent days, bringing dollar prices up by 14 cents.

Opinions indicate that the Bank of Mexico injected approximately $100 million into the market this Friday. It should be pointed out that the Bank of Mexico injected $175 million, $175 million, and $160 million, respectively, on 9 and 14 November and on 8 December for the same reasons.

The demand for the greenback was constant in the last 15 days of this last month of the year, as you said.

The dollar was sold for up to 7.85 at the end of the day and was bought at 7.45 new pesos [N$] in banks and exchange houses, reaching a maximum quotation of N$7.90 during the day. For wholesale operations, the closing quotation was N$7.70, meaning a 2 cent reduction vis-a-vis yesterday's close.

This is the result of the dollar injection made by the Bank of Mexico.

Meanwhile, in the securities market, in the last session of the year, there was a 0.44 percent decline that together with the three preceding drops shows a negative balance in the final week of 1995 of -1.71 percent.

The main indicator is as follows: 2,778.47 points, representing a nearly 17 percent increase compared to the close for 1994. Consequently, we can speak about an increase in this indicator during this year. This increase was achieved despite the low level recorded in the difficult days of February and March, where the main indicator went as low as 1,447 points, meaning that the market had a recovery of 1,330 points in the subsequent months to close with a positive balance for the entire year. It should be noted, however, that this indicator did not break the historical maximum of 2,881 points set in February of 1994.

I report that the Bank of Mexico has established four terms for the first auction of Cetes [Treasury Certificates] in 1996: 28, 91, 182 days and the reappearance of the one-year period, following 12 weeks of not being placed on the money market.

It should be remembered that the last rate for one-year Cetes was 40.43 percent. By auctioning one-year Cetes again in the market, the Bank of Mexico is demonstrating confidence in a reduction in the Cetes yield and, therefore, the interest rates for credits.

[Espinoza] Regarding the Central Bank interventions, if we add the amount put in since 9 November, when these interventions began trying to stabilize the new peso, the bank has put in more than $700 million in reserves to try to save the new peso.

[Guzman] Indeed, an amount close to $700 million has been disbursed by the Bank of Mexico to withstand pressure on our currency and to avoid a further decline in the new peso value vis-a-vis the U.S. currency.

Official, Peace Commissions Discuss Chiapas Situation

PA2912193995 Mexico City XEW Television Network in Spanish 0400 GMT 27 Dec 95

[Report by Jacobo Zabludovsky and Lourdes Esquivel in Mexico City from the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Zabludovsky] Government Secretary Emilio Chuayffet met today with the groups that currently participate in the negotiations for peace in Chiapas. A forum on Indian rights will be held on 3 January and the dialogue will be resumed on 10 January.

[Esquivel] Government Secretary Emilio Chuayffet met in private with members of the Harmony and Peace Commission, Cocopa, and the National Mediation Commission, Conai. PRD Deputy Cesar Chavez spoke on behalf of Cocopa and said there is no danger of violence in Chiapas. He explained the Federal Government has ratified its decision to continue the dialogue and negotiations.

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[Chuayffet] "The decision stands and so does that of the EZLN [Zapatist National Liberation Army]."

[Esquivel] Conai member Juan Banuelos said:

[Banuelos] "He gave us the necessary assurances that there will be no Army movement aside from the patrols."

[Esquivel] The meeting, which lasted three hours, reviewed the preparations for a special forum on Indian rights, scheduled for 3-8 January in San Cristobal de las Casas, Chiapas. The Government Secretariat and Chiapas Governor Julio Cesar Ruiz Ferro also met with Assistant Government Secretary Arturo Nunez on Tuesday. During the meeting Governor Ruiz Ferro said the situation in Chiapas is normal and he denied unusual military mobilizations are underway.

[Ruiz] "We have stated that progress has been achieved in the dialogue with the EZLN."

[Esquivel] The meeting with the governor of Chiapas lasted three hours.

Government Secretariat Issues Communique on Chiapas

PA2912194295 Mexico City XEW Television Network in Spanish 0400 GMT 28 Dec 95

[Report by Lourdes Esquivel at the Government Secretariat in Mexico City from the "24 Hours" newscast — live]

[FBIS Translated Text] The Government Secretariat has just issued a press communique establishing the Federal Government's position regarding the situation in Chiapas. The communique includes three main points:

The Government Secretariat states in the first point that a negotiation is the only option for peace.

The second point states that, even though the construction of facilities and their purpose was not reported in a timely manner, the Federal Government issues an appeal to the EZLN's [Zapatist National Liberation Army] good faith to respect the spirit and letter of the law which allows the possibility of reaching an agreement that benefits everyone. The government insists that the EZLN should adopt a serious and responsible position, and it should offer guarantees regarding the events that are scheduled to begin tomorrow.

The government said in the third point that it is committed to abide by the provisions stated in that law; adding it does not represent a threat, as the EZLN states, only of reasserting the conviction that the Chiapas conflict will only be solved through a negotiated position based on the law rather than unilateral decisions or actions.

The Government Secretariat adds: The country does not expect role-playing, rash actions, or covert actions that are far from the truth to solve the problem in Chiapas. Good sense, a sense of responsibility, and an authentic commitment with peace represent the only ways to close a painful chapter for the Mexicans.

The Government Secretariat insists it has shown consideration and patience time and again toward dilatory tactics and demands that have basically been presented by the EZLN — most of the time with the undeniable idea of delaying the return to harmony.

The Government Secretariat says: If, as the EZLN says, there should be no doubt about its clear and conclusive commitment to achieve peace, there is still time. The EZLN has the floor.

Communique Reasserts Stand on Dialogue

PA2912194595 Mexico City XEW Television Network in Spanish 1425 GMT 29 Dec 95

[From the "Upon Awakening" newscast]

[FBIS Translated Text] The Government Secretariat has issued a communique in which it states the government's position regarding statements given by the EZLN [Zapatist National Liberation Army] in the town of Oventic.

The Government Secretariat says the implementation of the law for dialogue, conciliation, and peace in Chiapas is non-negotiable.

The Government Secretariat's bulletin says: Even though the EZLN has stated that events currently underway in Oventic, La Realidad, La Garrucha, and Ejido Morelia are of a peaceful nature, the Army cannot fail to fulfill its obligation of guaranteeing sovereignty and order in all the country.

The government reasserts its certainty of achieving peace through a dialogue and it issues a new appeal so good sense and good faith are the factors that characterize relations between the government and the EZLN.

The bulletin emphasizes the government values the efforts exerted by the Conai [National Mediation Commission] and the Cocopa [Harmony and Peace Commission], which have remained alert to the latest developments in Chiapas.

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EZLN Announces Fourth Lacandona Jungle Declaration

PA0101172596 Mexico City XEW Television Network in Spanish 1300 GMT 1 Jan 96

[Report from the "Upon Awakening" newscast]

[FBIS Translated Text] [Francisco Fortuno] We have a live telephone link up with my colleague Juan Sebastian Solis who is in Chiapas with the following report. Juan Sebastian, good morning and happy new year.

[Solis] Good morning. We are here in the community of Altos de Chiapas where during the first minutes of this new year, the EZLN [Zapatist National Liberation Army] announced its Fourth Lacandona Jungle Declaration where it invites society as a whole to take part in a new national political force known as Zapatist National Liberation Front.

This new front, which is created as of today, will be a civilian, peaceful, independent, democratic, Mexican, and national that will struggle to ensure democracy, liberty, and justice in Mexico.

The new organization will be a national political force based on the EZLN ideals, and will conform a wide-ranging opposition movement, the so-called national liberation movement, as a place for citizen political action.

According to the EZLN, the members of the new organization, should not aspire to occupy public office or government positions at any level, or look forward to take over power. It is new force not created to become a political party and will be geared toward organized citizen demands and proposals so that whomever is elected to office will govern but govern through obedience.

It is a political force that will organize solutions to collective problems, even without the interference of the political parties or the government, and it has an agenda that includes 13 points.

In this Fourth Lacandona Jungle Declaration, the EZLN does not announce any dates with respect to the composition of the new political force which they have called Zapatist National Liberation Front.

This fourth declaration was announced in four communities throughout the state of Chiapas: Lagarrucha, Obentic, La Realidad, and Morelia, but in each region it was announced in a different manner.

For example, in the community if Obentic, municipality of San Andres Larrainzar, the text of the communique was read by Major Ana Maria. On the other hand, in La Realidad, municipality of Las Margaritas, it was announced by means of a video where the text of the declaration was read by Subcommander Marcos.

[Francisco Fortuno] In other words, there was no one present to read and they just showed a videocassette?

[Solis] That is correct. Several EZLN members arrived to the community of La Realidad to make the announcement as part their so- called EZLN Cultural Spots Addressed to the Civilian Society, and although they were unarmed they still wore ski caps. In this case, it was Commander Tacho who presented the videocassette where Subcommander Marcos proceeds to read the text of the Fourth Lacandona Jungle Declaration.

Events commemorating the second anniversary of the public appearance of the EZLN have taken place without any problems, in an orderly manner, and with the participation of numerous local Indian groups, and civilians who have arrived to accompany the Zapatists in commemorating their second anniversary.

Lopez Obrador on Cacique Power, Federalism

96CA0083A Mexico City PROCESO in Spanish 20 Nov 95 No 994, pp 10-17

[Article: "As Presidentialism Collapses, A Kind of Confederation of Regional Caciques Takes Shape, Feudalizing Power: Lopez Obrador"; ellipses as published — for related reporting on Tabasco electoral fraud allegations, see the FBIS LATIN AMERICA DAILY REPORT of 16 June, 5 July, and 21 September 1995]

[FBIS Translated Text]

Andres Manuel Lopez Obrador, a local leader with a national profile, holed himself up for little more than a month to write a book detailing what has been (and still is, he says) "a stark display of unethical conduct and the way in which they have corrupted the paradise of Tabasco."

He produced a volume of about 200 pages, which Grijalbo Publishing has put out under the title "Entre la historia y la esperanza" ["Between Hope and History"]. In it he describes in detail the vicissitudes of the political movement that he has headed since 1988.

For the first time he reveals that in May 1994 Ernesto Zedillo, then a presidential candidate, offered to have him run for governor of Tabasco as the candidate of both PRI [Institutional Revolutionary Party] and the PRD [Party of the Democratic Revolution].

"The offer existed, and as I relate in the book, there was also a definite reply: we are struggling for democracy, not just public posts. I would rather be a reformer and not governor under these conditions," he says he told

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Zedillo's emissary, Carlos Salomon Camara, who is also from Tabasco and is now the president's spokesman.

"I replied to him that we aspired to clean, free elections, that we were going to acknowledge the victory no matter what the result was. They made the proposal thinking they would resolve a conflict this way, but it meant putting the democratic struggle aside, abandoning principles, leaving pieces of our dignity by the wayside.

"I am not saying that the aim of the proposal was to corrupt me, because I think they already knew of my track record. In any event, it was a tempting proposal."

"Worthy of consideration?"

"No, I rejected it from the outset. There are times when politics is conducted in between principles and pragmatism; it is a balance. Not everything can be done while upholding principles, but you cannot aim for victory at all costs, without scruples either."

In the book the PRD leader, who has run for governor of Tabasco twice, also tells of his relationship with PRI presidential candidate Donaldo Colosio, who was slain in Tijuana on 23 March 1994 under still uncertain circumstances.

He had dinner with him three days before he was murdered, at the home of a mutual friend, Clara Jusidman, in Mexico City. There, says Lopez Obrador, he and Colosio agreed on the need for a democratic transition through clear-cut competition between the parties.

"There was common ground. What we do not know is how far they were going to let him go or to what extent he was going to keep his word. We agreed to meet again, but he did not make it back alive."

Toward the PRD National Congress

Mentioned as the most viable replacement for Porfirio Munoz Ledo as president of the PRD, who will be chosen in July 1996 at the party's Fourth National Congress, Lopez Obrador neither involves himself in nor excludes himself from the succession game.

"Before deciding to take part, I have to see how the Supreme Court rules on the competence of the Attorney General's Office to investigate the PRD complaints about the stratospheric campaign expenditures of Governor Roberto Madrazo, and then consult with the Tabasco PRD.

"I would take part if these two matters were to be resolved, as long as I could help bring together the national PRD. I will accept only if there is a program of party unity. Besides, July is still a long way off."

Lopez Obrador reveals that at his dinner with Colosio, as he notes in his book, the presidential candidate told him of his plans to create a new party, as Plutarco Elias Calles did in 1929.

"His proposal was going to be looked into in due time." Yet, the PRD leader clarifies, "I do not think that we were going to make headway in that regard, we were not going to reach agreements. I do not say so in the book, but it stands to reason that we are not interested only in creating a big party that brings together all of the country's progressive forces, which was a bit like Colosio's idea."

Colosio intended to call on nongovernment organizations to form a party, Lopez Obrador says. "We do want such a grouping, but this time not as a party of the state," he clarifies.

He feels that the PRD must be the hub of a new mass organization whose program is to bring back the best of Mexico's history. "In a medium-term scenario, I feel that PRI is going to disappear. And the two opposing forces, the two parties that are going to remain in the final accounting, are the PRD and PAN [National Action Party]."

In an interview with PROCESO, Lopez Obrador said that by early next century the balance of power in the country will be between two large blocs:

"In keeping with the country's history, we are going to wind up with two large blocs, something like what the liberals and conservatives used to be."

PRI, he feels, "is collapsing," and PAN represents the conservative agenda:

"There has to be an alternative group, one that embodies the best of our popular history."

Therefore, he adds, "those of us who are fighting in different trenches for justice, democracy, and liberty have to unite. Several of our parties need to unite into a broad-based alliance, but under no circumstances can it be a group to maintain and perpetuate the same system of a party of the state. In other words, it has to be a progressive group but with the distinguishing trait of democracy."

"Did your opinion of Colosio change after your dinner with him?"

"The fact that he sought us out, that he was interested in talking with us, showed that he was willing to have a different relationship with us. This is important."

"Did he have what it takes to be president?"

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"He had something, and I do not know whether it is a virtue or a defect, but it is undoubtedly something that we Mexicans urgently need. He was a frank, open man, unpolished, a northerner. Those of us who live in the tropics or who practice politics in the tropics resemble each other in this way. I even think that this trait of Colosio's brought him into his assassins' crosshairs."

Madrazo, a Cacique Like Bartlett

Divided into two sections ("La historia de los de abajo" ["The History of the Downtrodden"] and "El imperio de la corrupcion" ["The Empire of Corruption"]), Lopez Obrador's book examines the conditions that fueled the movement which blossomed in 1988 and which he was called upon to lead.

He analyzes the six-year terms of governors Mario Trujillo, Leandro Rovirosa, Enrique Gonzalez Pedrero, Salvador Neme Castillo, and Manuel Gurria and concludes that the hallmark of all of them was corruption.

Plundering, he opines, has been a constant in Tabasco. Nothing has done more damage to the state. "Hence the realization that a sweeping moral renewal is needed. Tabasco is not going to be able to emerge from its paradox of being a wealthy state with poor people unless it aims to, and unless its people decide to eradicate corruption."

"The book relates how the regional interest is becoming mixed up with national interests, how economic interests and political interests fuel and feed each other. It tells of Carlos Hank's influence in the state, his ties to Gurria and Madrazo, the Gurria-Cabal and Madrazo-Hank ties...."

Lopez Obrador cautions that the phenomenon of regional caciques poses a danger to the country.

"What we are seeing is the feudalization of power, in other words, the predominance of regional caciques, and this cannot be federalism. The territory is being defined as a function of vested interests; this is what is happening. As the presidentialist system crumbles, it is giving way to a sort of confederation of regional caciques."

The PRD leader does not conceal the fact that he is pleased with PRI's poor electoral showings in Puebla, where Governor Manuel Bartlett campaigned as if he were a candidate.

"If we look at it in general terms, it was a defeat for the plan to consolidate regional caciques. They were unable to do this. The case of Bartlett is very significant. He was trying to become the captain, the chief of all the regional caciques, and he was defeated. It does not matter to me who won. Democracy won."

In his book Lopez Obrador also talks about the origin of the boxes containing the vouchers for Madrazo's gubernatorial campaign spending, which, according to the two complaints and their expansions filed with the Office of the Attorney General of the Republic, exceed 240 million new pesos.

It is not true, he says in the book, that resentful PRI members delivered the boxes to the PRD. It is even less true, as rumored, that it was a sort of "Moctezuma's revenge," that is to say, that former Interior Secretary Esteban Moctezuma passed them along in order to get back at Madrazo for his having aborted the National Political Accord.

"It was citizens who sympathize with the PRD. That is all. You have no reason to look further," the PRD leader scoffs. "It was a noble deed by citizens who want democracy, nameless heroes of democracy," he stresses.

The fact is, though, that because of impunity PRI thought that nothing would happen. "They become blind with and dulled by power, which causes them to levitate."

"Madrazo knows it but is becoming foolish," he charges. He inherited nothing from his father. He seems more like Diaz Ordaz' son than Carlos A. Madrazo's. The proof of this is that he has never insisted on clearing up what to me was a political assassination. He chose instead to move into the background, making himself comfortable. He is a social climber."

"Are you sure that it was a political assassination?"

"Yes, I have no doubt. Madrazo senior used to say that it was better to sow than to reap. He had the courage to act freely in an era in which it was very hard, harder than now, to disobey the orders, the rules of the system. This, I maintain, cost him his life."

"But Roberto Madrazo also had the courage not to abide by an agreement between the federal government and the PRD for new elections, and he called for the January rebellion."

"They got him to do that."

"Who?"

"The group around him, led by Carlos Hank, to whom he had commitments. He does nothing on his own. They pushed him into it, and of course there was a favorable circumstance: Ernesto Zedillo has not demonstrated political authority.

"Madrazo ought to remember what his father used to say: 'Whoever aspires to govern without moral authority is like a leaf that tries to hold back a storm.' But instead of this he is acting like a pettifogging lawyer."

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"But it is an established government."

"Not at all; that's sheer publicity. The advertising man in his campaign, Francisco Montero, the one who got to keep billions of old pesos, is the one who is now setting up all the paraphernalia. They began with the slogan 'Certeza para Tabasco' ['Certainty for Tabasco'] and now they have 'Proeza para Tabasco' ['Achievement for Tabasco'].

"The fact is," he says in conclusion, "that it is really a 'puerqueza' ['dirty trick']."

A leading actor in the political conflict that has been jolting the State of Tabasco for the past seven years, Andres Manuel Lopez Obrador has written a book describing the moments of greatest turmoil through which he has lived. "Entre la historia y la esperanza," published by Grijalbo, will be in bookstores by 10 December at the latest. The PRD leader reveals in detail the "fraudulent maneuvers" by the government and its party, the endless negotiations with the Interior Secretariat (Gobernacion), Ernesto Zedillo's offer to make him the joint PRI and PRD candidate, his relationship with Luis Donaldo Colosio, the history of the boxes containing the documents on Roberto Madrazo's inordinate campaign outlays, and in short, "corruption in the tropics." Below are excerpts from the book by the former PRD candidate for governor of Tabasco.

The Empire of Corruption

After petroleum burst onto the scene, the parks and sidewalks and main public sites have been rebuilt every six-year term. It has seemed as though our governors were possessed of an uncontrollable urge to destroy, build, destroy again, and then rebuild. Another factor here, of course, is that all of them have wanted to leave behind some "major project" as their undying legacy.

The business deals involving urban development in Villahermosa began under Governor Mario Trujillo Garcia (1970-76). For example, when the construction of the beltway was in the planning stage, a high percentage of the idle land within the new outlines of the city became the property of the highest and mightiest public officials.

During his term, to mention just one deal, the lands that Manuel Bartlett Diaz had inherited from his father, Manuel Bartlett Bautista, were developed in a peculiar way. Bartlett junior teamed up with a son-in-law of Trujillo's, Ignacio Cobos, and the two agreed that Cobos would see to the installation of all the public utilities (sidewalks, water, sewers, and electric power), and once the work had been completed, they would divide the new residential development, "Framboyanes," in half. This is what happened, but naturally all of the infrastructure work was charged to the state treasury.

The government of Leandro Rovirosa Wade (1977-82), an engineer, coincided with the discovery of oil in Tabasco and President Lopez-Portillo's "administration of abundance." Rovirosa tenaciously and bravely got the federal government to transfer extraordinary amounts of revenues from the oil production to Tabasco. These efforts led to a confrontation between the governor and the then finance secretary, David Ibarra Munoz, and the director of Pemex, the powerful Jorge Diaz Serrano.

In 1979, after threatening to resort to an amparo proceeding, Rovirosa got the Finance Secretariat to accept a Fiscal Coordination Treaty between the federal government and the state that was favorable to Tabasco.... Thus, in 1982 national revenues were 1.3 trillion pesos, 15.6 billion of which went to Tabasco: 9.925 billion pesos in federal revenue-sharing moneys under the National System of Fiscal Coordination and 5.675 billion from oil production. In other words, Tabasco received 1.2 percent of total national revenues.

As can be imagined, this extraordinary amount of money kindled the wealth-seeking ambitions of most public officials. The hallmark of this term was the feverish construction of all sorts of public works. Hundreds of construction firms were hastily set up, and countless politicians and relatives close to the governor became involved in them as partners or front men.

I have always regarded Rovirosa as a good man. I know that first hand; I worked with him. He helped the Chontal Indians more than anyone else. And he did it from the heart, not just to make up for his government's decision to build Tabasco 2000 and other similar public works. But I also told him, at the appropriate time, that I disagreed with the poor allocation of government spending and the prevailing corruption.

I am inclined to think that the officials closest to him betrayed him and that his relatives, especially his sons-in-law, took advantage of his emotions.

Juicy deals were also made under the wing of government during Enrique Gonzalez Pedrero's term (1983-88). The strongest evidence is that almost all frontline officials got rich. Gonzalez Pedrero came to Tabasco with his team of colleagues. There were all kinds in this group, from efficient, honest professionals to real creeps.

The government of Salvador Neme Castillo (1989-91) was a real nightmare as far as corruption is concerned. He called in relatives and friends to work for him. His children devoted themselves entirely to business. They all got rich at the expense of the treasury....

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For three years Neme's main collaborators went about doing business and buying things. On 23 May 1989 he himself bought a 2,244 square meter piece of land on Plutarco Elias Calles Street next to his home. In February 1990, the director of transit, Salvador Suarez Martinez, bought a home in the rural housing development Tabasco 2000 for 800 million pesos. Three months before, Finance Secretary Same Yabur Elias bought another home there for 725 million, and on 19 December 1990 he purchased, through his brother, for 1 billion pesos the 120-hectare Cangrejopolis hacienda, situated in one of the most beautiful spots in Tabasco, the town of Puerto Ceiba in the Municipality of Paraiso.

The administration's cabinet chief, Manuel Manrique Cortina, and the secretary of industrial development, commerce, and tourism, Carlos Elias Dagdug Martinez, purchased the professional baseball team the Tabasco Ganaderos (today the Olmecas) for 500 million pesos.

In 1989 and 1990, the director general of mass media and public relations, Francisco Garrido Cruz, bought four livestock ranches covering around 500 hectares for 3 billion pesos. In addition, on 24 September 1989 he spent 227.5 million pesos for a pack of quarter horses and fillies.

Amid this atmosphere of inefficiency and corruption, Tabasco lost close to half of the federal revenue-sharing funds that it was receiving under the original fiscal coordination agreement. In 1989, the Finance Secretariat canceled Annex 2 of this pact, which assured Tabasco of oil production funds. Since then, instead of 1.2 percent of federal revenues, we have been getting just 0.69 percent, 42 percent less....

Hank in Tabasco

Salinas took advantage of the situation. Salvador Neme had neither the moral nor the political authority to stand up to the federal government and demand what is rightfully ours. Incidentally, back then one of the people who voted for this modification was Senator Roberto Madrazo, who turns into a federalist only when he has to defend his post.

Incredible though it may seem, however, the real reason why Neme was removed from office was not his unethical government. On the contrary, they removed him to pave the way for an even greater corruption scheme. Only this time it would be spearheaded by a bold man with more pull in the regime, Carlos Hank Gonzalez. It was his idea to create in Tabasco a bureaucracy/business complex to dominate the southeast. To this end Manuel Gurria, the brother that Hank never had, in his own words, had to become governor, and then support had to go to Roberto Madrazo, Gurria's cousin. In other words, it was a nine-year project whereby economic and political power would fuel and sustain each other.

Very cleverly, Professor Hank was put in charge of administering the coup de grace to Neme. As the story goes, at a meeting with Salinas he persuaded him that if Neme remained in office, the PRD would take over Tabasco. Salinas' reaction was not long in coming. Hank had touched one of his sorest spots: his hatred for the PRD.

So, Neme was immediately dispatched, and Professor Hank took advantage of the trip to install Gurria. Some days later, Salinas called in Rovirosa, Arturo Nunez, and Gonzalez Pedrero to warn them of "the danger of the PRD" and encourage them to close ranks behind Gurria.

In his first government report, in December 1992, Gurria had to admit that he found a deficit of 500 million and a debt of 300 billion old pesos. But instead of demanding the return of the lost money and enforcing the law, he chose to protect the culprits in Neme's administration and decided to repair the damage by boosting taxes and fees.

Gurria's budgets were full of irregularities and lies, but Congress approved them thanks to the predominance of PRI deputies. Under the chamber's bylaws, the three deputies on the Finance Inspection Committee have access to the budgets, and of course they belong to the ruling party. In contrast, the budget report is merely delivered to opposition deputies a few hours before the full session approves it in a voice vote. This is exactly what happened with Gurria's most recent budget in 1995. Opposition deputies were notified early one morning to attend a session at 9 AM that lasted just 45 minutes.

Reporters on the Payroll

It bears noting here that the purveyors of the news have been part of this corruption, making a business out of freedom of speech. There are, of course, a few honorable exceptions, but the rule has been that in exchange for silent complicity, most newsmen live off the public treasury. There are businessmen journalists who have made veritable fortunes in a few short years by blackmailing weak, unethical officials.

In 1992, for example, Gurria's press office had an authorized budget of 11 billion old pesos but spent 64 billion, six times as much. Since the PRD deputies challenged this burdensome outlay, which was equivalent to the budgets of five of the state's 17 municipalities, the next year the government glossed over the budget and reported that only 12 billion old pesos had been spent. In

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October 1994, however, the magazine VANGUARDIA published payrolls and bills amounting to 34.576 billion old pesos for the first six months of 1992. In other words, for the second straight year actual spending exceeded sixfold what was officially declared.

The Gurria administration's big deals revolved around the business group formed by Carlos Hank Gonzalez and Carlos Cabal Peniche. These were the best of times for Cabal. His bank managed almost all of the money in the public budget. It was also at this time that he erected the famous $70 million business tower on land owned by Hank. The shady deals were so obvious that Gurria, Hank, and Cabal Peniche presided over the opening ceremony at the 1994 annual Tabasco fair.

Gurria did not even pay off the debt he inherited from Neme; all he did was reschedule it. Among other bank transactions, in December 1993 he received a loan in the amount of 240 billion old pesos from the Banco Internacional. The promissory note falls due in December 1996. This loan was arranged on the sly. They were the only people who knew about it and, of course, Roberto Madrazo. Heavy interest is currently being paid on this loan. The people of Tabasco do not know for what this money was used.

In short, such repugnant corruption is the main reason for the feud with Madrazo and the group that maintains him. Still standing behind Madrazo are Hank, Gurria, Nacho Cobos, Trujillo, Rovirosa, and many other contractors and businessmen who want to keep on prospering at the expense of the state budget. Yet a broad segment of the people of Tabasco has come to realize that democracy is the only medicine that can combat this disease and dispense justice.

Madrazo the Dissident

After the powerful experience that Tabasco and PRI lived through, it was practically impossible that Carlos Madrazo would think about retiring from politics. He went home, to be sure, but returned to the fray six months later. This very act represented a new stance. We should bear in mind that in that day and age engaging in politics outside the system was not allowed, particularly between elections. Madrazo knew that breaking this unwritten rule represented a full-fledged challenge. And yet he did so bravely and resolutely.

In June 1966, he sent 6,000 people all over the country a letter in which he analyzed the municipality's economic and political problems and offered proposals for solving them. This was a first. Most significantly, however, he called on each of them to form a small circle of friends or relatives to ponder these issues and create a national opinion movement.

On 9 July, he reported that he had received 1,800 replies to his letter and that he would tour the country on invitations from students and opinion leaders from 17 states of the republic. At that point Madrazo began a full-fledged campaign. At each university or public square he spoke in critical terms, with propositions, about national issues such as the free municipality, education, agrarian reform, stabilizing development, and reform of PRI and the system as a whole.

Over time, developments gradually drove him to a clearer definition of his convictions and, above all, of what politics was about. In interviews or speeches he described his account of why he resigned. He asserted that Diaz Ordaz had approved a reform of the procedure for the internal selection of mayoral candidates when "he still felt he was mingling with the crowds during his campaign." Later, however, he said, "powerful people" using "official money" unleashed a fierce campaign against him.

No matter how much care Madrazo took to avoid criticizing Diaz Ordaz directly, the break was obvious. Neither the president nor the regime's top brass were at all accepting of his position. In the meantime, mounting pressure was being applied by those who were urging Madrazo to form a new political organization that would be independent of the regime. Madrazo never dared to go that far, however.

His boldness, which entailed admirable courage under those historical circumstances, inspired him to found not a new party but just a faction, a sort of progressive wing of PRI. He later spoke of a national front that would bring together men and women determined to struggle for democracy and to salvage the original principles of the revolution. His hesitation left his sympathizers dissatisfied, however; they pressed more and more for the idea of a new party.

Thus, in May 1968 Madrazo published a new letter asking, in consultation style, about which course to take: a front or a party. And after discussing each option, he strongly emphasized the need to establish a fourth branch of government, in addition to the executive, legislature, and judiciary: an electoral branch, an autonomous, independent body with constitutional powers to organize and certify elections without the involvement of the government.

In this letter he also spoke of a national constitutional assembly and the drafting of an ideological platform, which were supposed to have taken place between 2 and 28 September. The event was called off, however, owing to the uneasiness about the student movement and the prevailing climate of repression. It bears noting here that Madrazo was not only fought as an opponent of

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the regime; he was also accused of instigating violence. After the Tlatelolco bloodbath, in fact, some charged that he had provoked the massacre and was one of the "covert" leaders of the movement.

After the crackdown on 2 October, Madrazo entered a deep emotional crisis. He blamed himself for everything: his indecision, having called off the assembly, and having chosen to stay at home when the time had come to take to the streets and join the young people. Dario Vasconcelos, one of his closest friends since childhood, sensed his mood. He says that he met with him and found him distressed. "The change in him was striking. He was not the same old bundle of nerves. The disappointment that he felt and that he could not hide showed in his eyes.... 'I do not know what came over me!' he told me in an outburst of frankness. 'It was not fear, I can assure you! What the hell did I care if I got put back in jail, as a political prisoner, and I am sure that if I had shown up then, I would have averted a lot of misfortune. I am sure that the young people would have listened to me!'"

After these trying moments, Madrazo toned down his activities. He called off his lectures and decided to wait until the storm of authoritarianism subsided. He was already in the crosshairs, however. No sooner was he on the move again than the plane that he was taking to Monterrey crashed near Mount Pico del Fraile.

The obligatory question since then has been whether it was an accident or sabotage. I have good reason to contend that it was a political assassination. The first piece of evidence worth considering is the authoritarian nature of the regime. Madrazo himself used to say that "in political matters our system has laboriously surpassed Huitzilac but has not emerged from the 1920's." The government's men knew Madrazo well. They distrusted his intentions. They were certain that he was just waiting for the right time. They remembered Vasconcelos, Almazan, and Henriquez. And they thought that Madrazo's chance would come with the presidential succession. In other words, Madrazo would run as an independent candidate for president and command a great deal of support, and they would have no choice but to eliminate him. It is no accident that the plane crashed just before Echeverria was unveiled as PRI's candidate for president of the republic.

Zedillo's Proposal

In mid-May [1994] I received a message from Ernesto Zedillo through Carlos Salomon Camara. Also a native of Tabasco, the current director of social communication of the Presidency of the Republic conveyed Zedillo's proposal to me: Colosio's replacement wanted me to be the joint PRI/PRD candidate for governor of Tabasco. Salomon argued that Zedillo thought this would be the best way to avoid conflict in Tabasco.

I replied very respectfully that I was convinced of the need for democracy, that this is what I was fighting for, and that the governorship was not the main thing. I told him that the only thing I was asking for was fair play: free and fair elections. I reiterated something that I had been saying repeatedly during my campaign. No matter what the citizenry's decision was, only in this way could we all abide by it and prevent conflict. I said the same thing over the phone a few days later to Ernesto Zedillo.

Meanwhile, Madrazo was growing impatient. Perhaps he never knew anything about this offer but sensed something odd. The proof is that semiofficial columnists were talking about the need for immediate action. On 4 June, the anniversary of his parents' death, he called a rally to suggest that his nomination was imminent. Yet he had to wait three more days for the order. He was unveiled on 7 June.

Colosio's Costly Tour

On 22 February [1994] the PRI candidate for president of the republic visited Tabasco. The main event was a rally at the Sports Center that brought together 35,000 people according to the newspaper EL NACIONAL and 15,000 according to LA JORNADA.

Colosio arrived at 10 in the morning on the 21st and left the following day at 9 AM. Perhaps he never learned that his 23 hours in Tabasco cost 3,169,385,091 old pesos. Madrazo, urgently needing to be the gubernatorial candidate, tossed the budget out the window and rolled out the red carpet. A file from the boxes that later came into our possession contains a detailed account of the visit's cost. Renting 1,200 buses alone cost 1,304,353,087 old pesos, with the rest of the money going for the rental of grandstands, partitions, seats, press support, advertising, publicity, lodgings, per diems, etc. Pedro Aldecoa, the transportation coordinator of the Transit Directorate, handled the entire transport operation. He cashed the checks and distributed the money. This is another example of how public officials were in the service of PRI.

One month later, on 21 March, I dined at the home of a mutual friend, Clara Jusidman, with Luis Donaldo Colosio. He sought me out, and I consulted with Cardenas, who authorized me to meet with him. Colosio was impeccably dressed in a blue suit. He had come from his home, where he had just had photographs and videos taken of himself and his family for the campaign. By and large our talk was cordial. He told me of his interest in seeking a rapprochement with Cardenas and the national PRD. He asked me about

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my jobs proposal (the idea of creating work fronts for building homes, public works, and public services to reactivate the economy quickly in areas with high rates of unemployment). After listening to me, he said with conviction that we had to go back to Keynes. I asked him about his relationship with Camacho. He replied that he had just seen him, that they had ironed out their differences, and that the problem was between Camacho and Salinas. Our meeting lasted almost two hours; we said good-bye, and agreed to meet again. He left the next day on his tour through Sonora and Baja California, from which he did not return alive.

Accords and Rebellion

At the Parade Grounds in Villahermosa the rallies in our support were getting bigger and bigger. On Friday, 13 January [1995], the leaders of PRI in Tabasco for the first time took over all radio and TV stations to announce a march and rally in defense of Madrazo. On Saturday the 14th, in spite of the outpouring of resources, PRI barely managed to fill half of Revolution Square. The next day, we marched from the Sports Center to Revolution Square, where we held one of the largest rallies ever in Tabasco. The square was not large enough. From that point on it became obvious that they would never be our equals in rallying the citizenry.

During the first two weeks of January we met several times with Esteban Moctezuma. The talks in Mexico City went on at the same time that the parties and the government were hammering out a national political accord for definitive electoral reform. On Tuesday the 17th the accord was signed, and a commitment was made to settle the postelection conflicts in Tabasco, Chiapas, and Veracruz.

That same day, however, the Tabasco PRI rejected the accord. At that point, politicians and businessmen began getting together to defend Roberto Madrazo "at the rostrum, in the streets, and in the square." The fact is that that same morning Madrazo had been in Los Pinos and agreed to resign in exchange for a seat in Zedillo's cabinet.

Their previous proposal had been that he should govern for 18 months to reform the Constitution, set up a Fourth Electoral Branch, and call new elections. That Tuesday, however, he told Zedillo that he would rather resign and take a cabinet post. Only, before returning to Tabasco he visited Hank Gonzalez and, by the time he said good-bye to the professor, had changed his mind completely. And he called Tabasco to set the resistance plan in motion.

On Wednesday the 18th the people who supported Madrazo took over all radio stations and the two TV channels. Construction firm owners spearheaded road blockades. In spite of this dramatic display, at most 1,000 persons took to the streets. There were more dump trucks than people at the checkpoints. All day long, however, there was a marathon of radio speeches against Zedillo and Moctezuma. Some even said that Tabasco would become independent, and among other insults one person shouted: "Zedillo, you are a diseased pig."

Realizing that their movement was not going to get off the ground, that they would be unable to keep it going for long, and that they lacked the support of most people, they decided on a violent attack against our comrades in the Parade Grounds. So, on Thursday they started assembling to evict them. To this end they recruited toughs and gang members from the city and, carrying weapons, attacked our sympathizers, burned vehicles, and stole their belongings.

I was in Mexico City that day. I contacted party leaders in Tabasco at noon. My instructions were simple: do not react to the aggression.

At six in the evening, worried about the imminent danger of a confrontation with a toll that we would still be deploring, I spoke with Moctezuma and asked him to intercede with Madrazo and his people so that they would allow me to issue an urgent communique over XEVA, the most listened to station in Tabasco, which was under the control of the Madrazo people. Minutes later, I did, in fact, issue my message....

At 10 PM Moctezuma contacted me to say that he regretted what was happening, that he had reports that Madrazo had recruited 200 toughs and gang members. Shortly thereafter I learned that there were trained people with high-caliber firearms, led by contractors, PRI leaders, and PRI deputies. I also learned that Alberto Banuet Abdari, one of former Governor Rovirosa's sons-in-law, was walking around with a club and that former Governor Mario Trujillo was giving orders, from Villa Grijalva, along with Madrazo.

One of the reasons why this group went all out in defense of Madrazo had to do with the ticklish economic situation it was going through. Strictly speaking, there is no private enterprise in Tabasco. The people with the most capital have obtained it at the expense of the treasury. Behind all the "business deals" has been a criminal association with public officials or the protective cover of the governors. Many of these pseudo-businessmen are the result of the corruption that was spawned by the discovery of oil. Unlike their parents, who earned their money legally through hard work and sacrifice, they became accustomed to living off the state budget.

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As an alternative to the rebellion by Madrazo and his group, the Interior Secretariat proposed a dialogue among the parties that came to be called La Mesa de Teapa. We said there that we would accept the proposal to hold a plebiscite or referendum so that the people could decide whether Madrazo would remain as governor or leave. The only condition that we set was that while the plebiscite was taking place, Madrazo had to step down temporarily to insure impartiality and dispel any doubts about the outcome of the process. Our proposal was not accepted, however, and that is as far as La Mesa de Teapa got.

Broken Promises

A few days after the attack in the Parade Grounds, Zedillo and Moctezuma backtracked. The interior secretary asserted that there was no intention of removing Madrazo from his post, that these were nothing more than rumors. The truth is otherwise: a commitment to hold fresh elections had been made. And there are only two explanations: either it was all a farce or else they could not cope with the political bloc of Hank, Bartlett, and Chirinos in defense of Madrazo and the regional caciques.

Given the imminent collapse of the presidentialist system, PRI's most backward-looking groups have decided to hunker down in the states. This is similar to what happened when the political organization of the Mayas collapsed during the classical period (Palenque, Bonampak, Yaxilan, Tikal, Uxmal...), as the system of centralized power weakened and regional caciques in the image and likeness of the original system developed.

Now, as then, the presidentialist system in which power is concentrated is giving way during a period of decline to a sort of confederation of regional caciques, who are already acting with greater independence from the central government. This shift is taking place not only because of the crisis in the system and the cumulative power of the regional caciques but also owing to the weakness and indecisiveness of Zedillo, who instead of taking the democratic initiative seems resigned to sharing power and playing the role of manager, not chief executive. And all this is based on the argument of the new federalism and with the euphemism of the constrained presidency.

Whatever scenario develops around the collapse of Mexico's former political regime, the fact is that Bartlett in Puebla, Chirinos in Veracruz, Figueroa in Guerrero, Madrazo in Tabasco, Cervera in Yucatan, and Chavez in Michoacan are on the loose, acting with total impunity. They have taken federalism as carte blanche to trample on the individual and political rights of citizens.

The History of the File Boxes

Friday, 9 June 1995 was the best day. We made public the information on the boxes containing files of the PRI Finance Secretariat in Tabasco. Before describing what happened that morning, I will begin by explaining where the boxes came from. When we filed the corresponding complaint at the Attorney General's Office, I testified that early on the morning of Monday the 5th, two unknown men who asked for me in the Zocalo gave Senator Hernandez Geronimo 45 file boxes.

This account is not very credible, of course. The thinking was that we arrived in the Federal District with the boxes or that PRI leaders or administration officials gave them to us to take revenge on Madrazo. There was even talk of "Moctezuma's revenge."

From the beginning we ruled out this possibility. The people in PRI or in the administration would not dare deal a blow like that to one of their fellow party members, much less to the sacrosanct system. Moreover, though, the people on top are involved in other matters; power has blinded them. This is why they continue to believe that politics is the business of the few, not all. We are certain that citizens of Tabasco who are interested in and committed to democratic change got the boxes to us.

The word in this regard is that several PRD activists living in the working-class district of Ciudad Industrial, where Mrs. Ana Bertha Lopez Aguilar, the chief accountant and right hand of Gaston Viesca, the PRI finance undersecretary, used to live, discovered that some seemingly very important papers about the November elections were being stored in her abandoned home. They assumed that they were ballots used for electoral fraud.

Incidentally, at the close of the campaign Mrs. Lopez Aguilar moved to the residential district of Tabasco 2000 and is now second in command to Gaston Viesca, who as a trusted associate of Roberto Madrazo became the expenditures director of the state government Finance Secretariat.

According to this account, the boxes were taken from Mrs. Ana Bertha's former home. And a group of sympathizers from the neighborhood reportedly passed them along to us, but fearing reprisals, did not reveal their identities, even to us.

We decided on Wednesday that we would make the information public on Friday. To this end we invited well known figures with an interest in the country's transition to democracy. Nevertheless, only Demetrio Sodi, Juan Molinar Horcasitas, Jose Agustin Ortiz

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Pinchetti, and Santiago Creel Miranda showed up at the Catedral Hotel, where the press conference was held.

On that day we presented to the national and foreign mass media a report on the contents of the boxes and displayed the documents in the assembly room. We said that we could prove that Madrazo's campaign spending totaled 237 million new pesos, 60 times more than he had officially reported and 400 times more than the 600,000 new pesos that I had spent. It was also almost twice as much as Ernesto Zedillo's official campaign outlays and exceeded the $50 million that Clinton had spent in his campaign for the U.S. presidency.

With the initial report we proved the 237 million and later submitted evidence of another 4 million to the Office of the Attorney General of the Republic, making a total of 241 million new pesos, $72 million to obtain 290,000 votes, $250 a vote.

Money Laundering

On 13 and 19 June 1994 we filed the official complaints with the Office of the Attorney General. We requested an investigation of Roberto Madrazo Pintado, Manuel Gurria Ordonez, Nicolas Haddad Lopez, Oscar Saenz Jurado, Pedro Jimenez Leon, Salvador Sanchez Vazquez, Pedro Vazquez Colmenares, Jose Luis Solis Lopez, Alejandro Martinez Santiago, Ulises Ruiz, Carlos Madrazo Cadena, Jose Antonio Burelo, Floricel Medina Pereznieto, Jesus Alvarez Vasconcelos, Angel Augusto Buendia Tirado, Pedro Resendiz Medina, Jorge Abdo Francis, Alfredo Camacho, Alfonso Izquierdo Bustamante, Francisco Montero Lozano, and Jesus Alamilla Padron.

All are probably responsible for crimes of tax fraud; constructive tax fraud; concealment of tax crimes; concealment, alteration, or destruction of documents for tax purposes; concealment, conspiracy, embezzlement, misrepresentation in a judicial statement, improper use of powers and authorities, and electoral crimes committed against the sovereignty of the people of Tabasco, against the dignity of the Mexican people, against the rights of our candidates for the governorship, municipal government, and Tabasco state congressional seats, and against the Party of the Democratic Revolution.

In opening its investigation, the Attorney General's Office asked the National Banking Commission for a report on the activity in the checking accounts that we made public in our complaints. When the National Banking Commission issued its initial report and campaign expenditures were checked against the bank statements, Madrazo realized that the investigation was in earnest.

At that point he went on the offensive. The official PRI leader in Tabasco, Nicolas Haddad, issued a press release on 3 August lashing out strongly at Attorney General Antonio Lozano.

Haddad himself acknowledged that he had information to the effect that the Attorney General's Office was on the verge of issuing a press release to report that it would call on the individuals implicated in the case to testify. What is more, he asserted that this decision had been made because it "would discredit PRI" on the eve of the elections in Baja California, where PAN wanted to win at all costs.

Once again they collected signatures of support and published spreads in local and national newspapers. This time the aim was to undermine the Attorney General's Office and to extol federalism. Almost all of the newspapers in Tabasco took aim at Lozano and began arguing that the matter ought to be handled in the state and that the Attorney General's Office was usurping functions and impairing Tabasco's sovereignty.

No sooner were the elections in Baja California over than Madrazo was back on the attack, but this time as the star in a veritable comedy. On Friday, 18 August he revealed that a day before he had been kidnapped while driving on the Mexico City-Cuernavaca Highway and held for seven hours. According to his statement, seven individuals had cut him off, forced him to stop, and insulted him. In his statement before the Federal District Attorney General's Office he identified Lozano Gracia as the main suspect.

Almost no one in Tabasco believed the story that Madrazo was out alone, without a driver or bodyguards, because everyone has seen the ostentatious security force that surrounds him.

On Sunday, 20 August, the Office of the Attorney General of the Republic issued a press release responding to Madrazo's charges.

The next day Madrazo filed a complaint, raising a constitutional question, with the Supreme Court. His immediate response to the press release from the Attorney General's Office confirms that they had been working on it for some time. Thenceforth they forgot about the kidnapping and have focused their argument on the demand that the investigation into the matter be conducted by local authorities.

From that point on there was also no more talk about the documents being forged, and like pettifoggers, they began to question the judicial proceedings, when what really matters is the fact that this entire affair has laid bare the unethical conduct of the people who would govern the state. In other words, the issue is

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not just legal; it is also political and, fundamentally, ethical, because no one with a modicum of dignity can aspire to govern a state without possessing some moral and political authority. In this regard, Carlos Alberto Madrazo used to say: "A Tabasco governor who does not have moral strength would be of as much use as a dry leaf that tried to halt a storm."

Now then, why does Roberto Madrazo want the issue dealt with in Tabasco? The answer is obvious: he is seeking impunity. Madrazo appointed all of the state's judicial authorities, and to make matters worse, they are represented by the same officials who served during the entire electoral process. For example, the current state deputy attorney general was a citizen counselor; the attorney general was imposed by the president of the Congress, Pedro Jimenez Leon, who had previously served as PRI president; the chief justice of the Superior Court was a citizen counselor, and the principal official of this court served as the director of the State Electoral Institute.

As for the argument about the jurisdiction of the case, what really lies behind it is the fear that the source of the money might be discovered. There is evidence that one of the sources of PRI financing in Tabasco could be laundered money from illicit activities.

This suspicion is based on the close ties between Madrazo and Cabal Peniche. Most of the members of the PRI Finance Committee were partners of Cabal. Moreover, Madrazo's campaign headquarters used to be Cabal's office. There is evidence that PRI made use of the headquarters without paying rent until the Cabal scandal erupted on 5 September 1994; this development forced PRI, on 12 September, to issue check number 95481 in the amount of 99,000 new pesos, thus paying six months back rent to the firm Multimodal, S.A., which was owned by the former banker who is now a fugitive.

In recent days Madrazo's lawyers have been employing delaying tactics. They have resorted to various legal maneuvers to prolong the constitutional hearing. The purpose is to gain time in the hope that the political situation will improve to Madrazo's benefit. They are behaving like those lawyers who attempt, by dint of artful dodges and ploys, to drag out and complicate a proceeding in order to prevent, at all costs, the law from being enforced. They forget that justice is slow but does arrive.

Meanwhile, we are waiting patiently for the court's ruling. The knowledge that people still support us is an encouragement to us. We saw this for ourselves on 3 September 1995 when we held our most recent rally, which around 40,000 people attended. This is very significant, because it took place after 10 months of an ongoing struggle for a lawful election. In other words, in spite of their sacrifices and suffering, people are keeping their hopes alive.

In any event, if the court rules in Madrazo's favor, we will again decide together what to do next. In light of this possibility, my proposal is to call for a referendum to ask people whether they want the issue handled in Tabasco or not. We will also ask what we ought to do if the response is that we should not accept the Tabasco authorities as judges. Above all, however, we know that Madrazo will not be able to govern the state. Neither the court's ruling (if it goes in his favor) nor Zedillo's pats on the back, nor anything else will prevent the cause of justice and democracy from triumphing in Tabasco.

The governability of the state necessarily depends on entering into a new social pact, an inclusive accord that puts the interests of the majority of people above personal and group interests. Such a pact has to rest on at least three basic demands: the political resolve to move toward democracy, higher ethical standards in public life, and the determination to channel the public budget into the battle against the poverty that besets most people in Tabasco.

On these bases we would be willing to be part of any accord with the government's men. Our aspiration is the rule of law, justice, and democracy, not the governorship. Unless these conditions are met, imposition will be unavailing. There have to be changes in Tabasco. We will not back down on this. Nothing will bring us to our knees. We have learned that politics is a noble calling, that power is humility, and that power is not always to be found in palaces, or in public offices, or in the hands of the wealthy, but rather in the people.

We have also learned that we can govern from below and with the people, from the communities and the neighborhoods, from the roads and the public squares; that we do not need advisers or secretaries or goons; that the essential point is to possess moral and political authority. And we are convinced that as long as there is no striving for money, and as long as we do not think just about public office, we will be politically indestructible.

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El Salvador

President Calderon Sol Delivers Year-End Message

PA3112144295 San Salvador Radio and Television Network in Spanish 0200 GMT 31 Dec 95

[Message to the nation by President Armando Calderon Sol; place and date not given — recorded]

[FBIS Translated Text] Dear compatriots: We are coming to the end of 1995 and are at the doors of a new year. At this time, I am pleased to address you and take the opportunity to make a few brief reflections regarding the national situation.

The year 1995 has been a year of important achievements for our country. We have advanced in the political, economic, and social spheres. It has also been a year of significant challenges, which, thank God, we have been able to surmount with political will, dialogue, and understanding.

Among the important achievements that we are pleased to highlight is that we have complied, in a clear and firm manner, with almost all of the commitments made by the Government of the Republic with the signing of the peace agreements. We are also proud to have contributed to the strengthening of the democratic process by furthering ample debate, in a framework of absolute freedom of expression, on issues of public interest. However, in this transition period between war and peace in which we are currently living, situations of controversy have arisen and we have suppressed them by endeavoring to no allow them to negatively affect the development of the national reconciliation process.

Crime has increased in this postwar period and it can be viewed as a negative factor. Thus, our government has and will continue to strengthen the development of all institutions linked to public security, as they will allow us to guarantee a greater level of protection to the people and will expedite the regular development of our productive activities.

Throughout 1995, reasons of national interest obliged us to adopt a series of measures to energize and strengthen the economic and social development process we are successfully implementing to incorporate our country to the world's economic globalization plan.

With responsibility, firm determination, and always governing openly in front of the people, we chose the difficult, but right path. As a government, our concern and commitment is to the development of the country and to have progress and well-being for all Salvadorans. This is why we chose to implement those temporary sacrifices: to obtain benefits in the short run and to further a thorough and sustainable development in the nation.

This year has been a year of successes and significant advances for our country. The economy continues to be healthy and has grown constantly, despite the difficulties that have arisen in the national and international spheres. During the year we had a 6-percent economic growth rate, which places us among the countries of greatest development in Latin America. Our exports increased approximately 35 percent. Our accumulated international reserves stand at approximately $1 billion and we have a solid macroeconomic stability.

To prepare our country for the challenges that the new world order will pose, we have started to modernize the government. We are, thus, currently working to make the government's administrative structures more agile and effective and turn them into the strongest support pillars for the development of our productive activities.

We have made significant progress in the social sphere. We highlight the education reform being furthered to broaden the coverage and quality of education given to Salvadoran children and youth with modern methods and programs, such as Educo [not further identified], sound schools, and mass adult literacy programs. Education is a priority objective for our government. Thus, in 1996, we will totally reform the entire education system because only in this way will our country be able to transcend the barriers of poverty imposed by underdevelopment.

In the health field we have considerably increased coverage by reopening and building new health centers. We have provided them with personnel, materials, equipment, and medicine. Also with regard to health and progress, we have carried out, through ANDA [National Administration of Waterworks and Sewers], projects to upgrade or introduce potable water services to a large number of towns in the country. All of these projects, and many more, can be seen all over the country. We are not talking about ideas, but of hundreds of projects the government has carried out to promote local development and raise the living conditions of the people, especially the destitute.

Dear countrymen: 1996 is just around the corner. It will be a special and unforgettable year for the people of El Salvador. First, because we will have the immense honor of receiving the visit of His Holiness Pope John Paul II. The Pope's visit will no doubt be the most spiritually important and significant event that we will enjoy next year. We recall with gratitude the visit His Holiness paid us when our country was still engulfed in a war. He came to ask us to set aside our weapons and turn into artisans of peace.

Next February, the pontiff will come with his message of hope and reconciliation to bless the peace that

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Salvadorans have won through so much effort and sacrifice. Another extraordinary event to take place next year will be the commemoration of the 450th anniversary of the founding of our beloved city of San Salvador. From this moment, we are inviting the people to celebrate this historical event with the greatest signs of joy and enthusiasm. We see 1996 as a year of major opportunities and blessings for El Salvador. We are going to continue the war on poverty. We will continue supporting productive sectors to create greater sources of employment and generate more wealth. We will build more schools, clinics, and hospitals. We will build more bridges, roads, and housing. We will develop more potable water, electricity, and telephone projects and will provide more financial resources to municipalities and towns to promote local development.

We are going to do all of this together next year, because we want our beloved El Salvador to be a country of opportunities for all and where all of us can enjoy peace, progress, and freedom. I conclude this message by inviting you to act together always for the sake of the common good. Let us turn the new year into the year of family and social reconciliation. Let us place our intellectual capabilities and strength to work at the service of national development. Let us feel solidarity with the pain and need of our brothers, and let us seek through sincere dialogue a satisfactory solution to our problems. Dear friends: With our best auguries of a prosperous and joyful new year, accept my warm and brotherly embrace, while I ask God's help and protection for the entire Salvadoran family. Happy 1996.

Guatemala

Foreign Minister Addresses Illegal Immigration to U.S.

PA3012004595 Guatemala City Televisiete Television in Spanish 1900 GMT 29 Dec 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Foreign Minister Alejandro Maldonado Aguirre has commented on the news publications that claim Guatemala is a source of alien immigration. He believes the problem is geographical:

[Begin Maldonado recording] We must take into account that we are not responsible for our geographical position; in other words, many people go to the United States seeking jobs. Evidently, we are in the route. Obviously, Guatemala does not sponsor illegal trafficking in any way; furthermore, those who are stopped in our country are sent back immediately.

This policy is a clear one that complies with immigration regulations. It is a humanitarian approach and not a repressive one, because we have to remember our own nationals who transit through Mexican territory. We have asked Mexico to treat them in a humanitarian way; that is, that they do not face criminal charges before a court. The fact that they break immigration regulations when seeking job opportunities is not a criminal act; nevertheless, we cannot allow our territory to be used as a bridge for illegal immigration. In view of this point, we must return the illegal aliens. [end recording]

Another government official who has commented on the illegal aliens issue was Government Minister Carlos Reynoso Gil who agrees with Maldonado Aguirre that the geographical position of the country makes Guatemala a bridge for immigration:

[Begin Reynoso Gil recording] It is the same situation as with drug trafficking. As I have mentioned before, the main reason for this situation is Guatemala's geographical position. Guatemala borders with Mexico, from where everybody tries to get to the United States and the country to where everyone who fails to enter returns. Obviously, Mexico returns all Central Americans and South Americans to Guatemala, where all these people are gathered. We have a large border with Mexico, and there is a large dividing line with Belize, although it is not established yet. Many people enter the country across that border. We have common borders with Honduras and El Salvador.

Furthermore, our geographical position promotes the illegal trafficking of people. We implemented measures this year to control illegal immigration by air and at the borders. We have returned people with illegal visas.

No visas have been issued to PRC nationals since I was appointed. There may be certain exceptions—for example, in the case of employees arriving to work with businesses, but we are controlling the situation in general. Nevertheless, it is due to the geographical position that Guatemala, Honduras, and Mexico are cast as places where a great number of illegal aliens are present. Others mentioned were Russia and Asian and various European countries. People from these countries try to reach Central America and Mexico in order to enter the United States. [end recording]

Unidentified Persons Gun Down Supreme Court Judge

PA2912183395 Panama City ACAN in Spanish 1701 GMT 29 Dec 95

[FBIS Translated Text] Guatemala City, 29 Dec (ACAN-EFE) — The National Police has reported that Jose Vicente Gonzalez, a Guatemalan Supreme Court of Justice (CSJ) judge, was gunned down this morning by unidentified persons in a neighborhood south of the capital.

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Gonzalez, who was 48 years old, was shot in Lomas de Portugal. He died on arrival at the San Juan de Dios General Hospital, the source said, without giving details as to the number of gunshot wounds.

The jurist was third CSJ appellate judge, and among other cases, he heard drug trafficking, contraband, and tax evasion cases, according to sources from the Attorney General's Office, where he had also been a prosecutor.

This year Gonzalez heard a presided over case against former coupist General Jose Efrain Rios Montt, current president of the National Congress, accused of forging signatures to register his party — the Guatemalan Republican Front (FRG) — for the 12 November elections.

Rios Montt, who was the de facto ruler between 1982 and 1993, was acquitted by the judge due to lack of evidence.

He also heard a case against former CSJ President Juan Jose Rodil Peralta (1991-94), accused by the CSJ of corruption and the removal of documents.

The motive for the murder or the identity of the killers is not known, the authorities said.

Background on Presidential Candidates

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[FBIS Media Note] Intense interest in who the winners of the first round of elections for the post of Guatemalan president really are has followed hard on the heels of the elections. Press reports provide the following information:

National Advancement Party (PAN) Candidate

Alvaro Enrique Arzu Irigoyen is 49 years old, measures 1.76 meters tall with a medium build, and has blue-green eyes. His pre-university education was done at the Lyceum of Guatemala. He attended Rafael Landivar University where he studied law for six years, but did not complete his degree.

He likes to swim, cycle, play basketball, box, and at one time he fought bulls. He was also a Central American squash champion. He still likes to participate in sports.

He has been married twice. His first wife, Silvia Garcia Granados, is an artist. They had three children together. His second wife, who he married in 1983, is Patricia Escobar Dalton. She is from El Salvador, and they had two children together. The other two children are from Patricia's first marriage.

The children's ages range from eight to 25. Arzu's oldest son, Roberto, has two sons and they are expecting a third child.

Arzu does not like to talk about his personal life. He describes himself as an ordinary man. He says: "I am not a spectacular leader or anything like it. I have simply won over, during my time in politics and with my views, a part of the population who believes in our program and sees that we are not stained with blood or corruption.

"I am not an economic power or anything like it. On the social scale, I am a middle-class man. I have some investments in the country, some 63 hectares on which I grow sugarcane."

His construction activities are investments which are slated for public resale. He insists he does not own buildings or businesses, but his accomplishments lie in the field of agriculture.

Arzu was a member of the National Liberation Movement (MLN) for a year, and together with Alejandro Maldonado Aguirre and Jorge Serrano, also former MLN members, he formed the National Renewal Party (PNR). In 1982, he won the municipal elections for mayor, but was unable to take office because of a coup against Romeo Lucas Garcia. Later, Efrain Rios Montt asked him to fill the position, but he declined. He formed his own civil committee, the National Advancement Plan, which became a full party, the PAN, in 1990. He won a post on the town council under that banner in 1985 and 1990.

He was a candidate for the Presidency in 1990, but finished in fourth place. Serrano Elias asked him to be foreign minister in 1991. He later resigned over a disagreement with an accord with Belize.

Some people who worked with Arzu while he was foreign minister say he is overbearing, conceited, and inaccessible. They say personal meetings were never held; messages reached him through his assistant while he remained behind his office door. On the other hand, a personal friend maintains that Arzu is not overbearing, but a man of strong character who delegates duties and insists that things get done, something that makes him look like a tyrant. Another friend says he is even a little timid. (Guatemala City SIGLO VEINTIUNO, 22 Oct 95)

Arzu comes from a family with old money. He has been described as being serious, stern, almost inexpressive. His critics say he a limited ability to work within alliances and therefore, they predict a conflictive term of office if he wins the elections. On the other hand, others say he has developed a great ability to listen to

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views which are different from his own. His strategy has been to progressively acquire power.

In the late seventies, he was linked to the inner circle of power through his relationship with the Garcia Granados (first wife) family, which had great influence with the Romeo Lucas Garcia administration. His experience in tourism helped him obtain his appointment as the director of the Guatemalan Institute of Tourism during that administration. (SIGLO VEINTIUNO Sunday Supplement, 29 Oct 95)

Guatemalan Republican Front (FRG) Candidate

Alfonso Portillo Cabrera was born on 25 September 1951 in the neighborhood of El Tamarindal, Zacapa. Much can be said about Portillo. Harold Shetemul, deputy director of the CRONICA, and Juan Manuel Olea, fellow adventurer of Alfonso's in Mexico, agree that he is a faithful, supportive friend, effusive, a lover of whiskey, and one who loves to read. He is also an excellent student. He has a good sense of humor; he knows and tells an unimaginable number of jokes. Shetemul says he is a little informal and forgetful; he makes a date and remembers it three months later. His nickname is el Pollo Ronco (the hoarse chicken).

Portillo went to high school at Lasalle Institute in Chiquimula. He entered the University of San Carlos of Guatemala Law School (USAC) in 1970. While there, he was a member and activist in the Law Students Association. In 1971, he voluntarily left Guatemala to live in Mexico for 18 years as a result of an open letter he wrote and published in which he said paramilitary groups were responsible for violence in the country and named names.

He finished his law degree at the Autonomous University of Guerrero, Mexico. He received a scholarship from the National Autonomous University of Mexico (UNAM) to do postgraduate work in economics.

He was hired as a professor at the Center for Higher Studies of Guerrero. Years later he became a candidate for dean. He said that candidacy provoked strong conflicts. In 1982, while defending himself, he killed two people in a confrontation in which nine people cornered and shot at him while he was traveling in the Zumpango Del Rio District, but the case was dismissed. Attempts made to expel Portillo from Mexico because he was a foreigner who participated in local politics failed due to the solidarity of his friends.

He tried to get his doctorate in economics from the UNAM, but could not because he never learned to speak English. According to Portillo, the best explanation was given to him by his last teacher who said: "You have such a bad impression of the gringos that you will never learn to speak their language because you have a mental block." Despite his anti-Yankee imperialist attitude, the U.S. Embassy gave him a scholarship to visit the United States as a guest of honor.

In 1989, he accepted a teaching position at the National Institute for Public Administration in Guatemala, but his ex-wife and 15-year-old daughter stayed in Mexico facilitating his divorce in 1991. Currently, he lives with Evelyn Morataya, a 23-year-old university student.

He planned on running for the Presidency in 2000, but fate precipitated the goal. His rivals place him in the vanguard of neo-opportunism and criticize him for changing his ideology from orthodox Marxism—when he was younger he often thought about taking up arms and helping the revolution—to a politician who is comfortable in the right wing. What is certain is that after only three months membership in the FRG, a party he criticized so much while belonging to the Christian Democratic Party (DCG), he became the FRG candidate for the Presidency.

Portillo initially approached the Democratic Socialist Party (PSD), but he claims he never joined because the PSD did not have a future. He also flirted with the PAN, but according to his detractors, PAN did not offer him high positions.

At the same time, he began to write for the financial section of CRONICA. Later he wrote for SIGLO VEINTIUNO. His economic writings for SIGLO VEINTIUNO led Alfonso Cabrera to invite Portillo to join the DCG, which he did in 1990.

This friendship was part of what caused Cabrera to nominate Portillo as a Congressional representative to the monetary board in 1991. In 1992, he became a member of the DCG National Executive committee. In 1993, he was confirmed assistant secretary general. That same year he became the director of the DCG Political Education Institute. His goal was to make it into a party instrument of democratic transformation. This did not set well with the DCG old guard. Portillo began to have problems in the party, but even so, he still led the national list for the 1994 elections for deputies. On 19 August 1995, Portillo became the FRG's last chance to register someone as their presidential candidate.

Portillo denies having any ties to the guerrillas. He continues to claim he is a man of the left, but that now more than ever, instead of believing in the dictatorship of the proletariat, he believes in democracy; instead of believing in socialist planning, he believes in the free market; instead of believing the state should own everything, he says politics should work toward giving greater participation to private initiative. Those who know him

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confirm that he knows how to win because he is capable of persuading the masses. (SIGLO VEINTIUNO, 24 Sep 95)

Nicaragua

President: 1996 To Bring 'Consolidation of Democracy'

PA3012043495 Managua EL NUEVO DIARIO in Spanish 24 Dec 95 p 8

[FBIS Translated Text] The coming year "should bring about the consolidation of democracy, liberty, and reconciliation of all Nicaraguans," said President Violeta Chamorro in her Christmas and New Year's message to the population.

"In these days of Christmas, which means peace for the world's men and women, I wish to send a message of love, hope, and reconciliation to all Nicaraguan families," Dona Violeta stated.

In a message, which was aired on Christmas eve via state radio and television stations, the president noted that Christmas and New Year's festivities should be for everyone a "source of family joy" that revive the nation's moral consciousness.

"Let us not allow violence to block the good path that we have journeyed in the past five years," Dona Violeta stated. She added that "everyone knows how we received this country, we inherited enormous difficulties that we started to overcome in 1990."

The president's brief message also noted that "the future that we are building in Nicaragua will be our legacy for the new generations."

"We must strengthen the foundations that we have built with God's help and the generosity that characterizes our people," Dona Violeta added.

Panama

Official Calls U.S. Evidence Against Laila 'Weak'

PA2912165595 Panama City EL PANAMA AMERICA in Spanish 27 Dec 95 p E-32

[Juan Diaz and Arnulfo Barroso]

[FBIS Translated Text] The evidence forwarded by the U.S. Government against alleged money launderer Alberto Laila was accredited and authenticated by Panama's Consular Office in New York, Foreign Ministry Legal Adviser Ivett Franco said yesterday.

Franco refuted the remarks by Supreme Court Magistrate Jose Manuel Faundes, who reportedly stated that the evidence had not been properly authenticated.

The official noted that the United States forwarded on 11 and 18 December the corroborating documents regarding Laila's extradition to open the possibility of beginning legal proceedings here. On 22 December, it sent additional evidence.

Franco said that the received evidence was immediately forwarded to the Attorney General's Office, which has 10 days to decide whether to proceed against Laila, who is accused of laundering $1.8 billion.

Meanwhile, Faundes described the evidence that the United States sent against Laila as "invalid and weak," adding that no diplomatic authority in that country authenticated it. He noted that no Panamanian diplomat has properly authenticated any of the invoices.

"No matter how perfect they may think they are, their documents have no validity, because they are not duly authenticated by an appropriate Panamanian authority," Faundes stressed.

The magistrate said that Laila will have to be tried in Panama, since he became a citizen in 1986, and the Constitution bans the deportation of Panamanian nationals. He added that Laila perpetrated the alleged offenses one year after he acquired his Panamanian citizenship.

Landing of French Plane With Nuclear Cargo Denied

PA3012020595 Panama City Circuito RPC Television in Spanish 2300 GMT 29 Dec 95

[Report by Alvaro Alvarado and Vicenta Melania from the "RPC Television News" newscast]

[FBIS Translated Text] [Unidentified announcer] Civil Aeronautics authorities have denied reports about the possible landing in Panama of airplanes carrying nuclear cargo. Alvaro Alvarado has the story:

[Alvarado] This information appeared on the front page of today's issue of the daily EL UNIVERSAL. It reads that the Panamanian Foreign Ministry has asked the U.S. Southern Command to investigate the landing of French planes carrying atomic bombs at military airports located alongside the banks of the Panama Canal. The report has stated that at least two French planes carrying bombs landed in Panama in 1995.

The "RPC Television News" newscast team has conducted a thorough investigation of the issue. We went to the Civil Aeronautics Directorate, and its director, Eustacio Fabrega, who was somewhat indisposed due to health problems, asked Tocumen Airport for information. It was sent immediately via fax.

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The report has also stated that the French Embassy in a note sent to the Foreign Ministry on 24 July 1995 requested permission for a DC-8 airplane to overfly Panamanian airspace on 2 and 5 August. The note was forwarded to the Civil Aeronautics Directorate, which approved it immediately. Landing permission was never requested, and the type of cargo the airplane was carrying was never disclosed. The itinerary of the DC-8 airplane was as follows: departure from Fort-de-France, Martinique; destination, Papeete, French Polynesia. All the proper steps were taken for the plane to be able to land on Panamanian soil in case of an emergency, but everything went normal; thus, the landing of the aforementioned airplane never took place.

[Announcer] Meanwhile, the Panamanian Foreign Ministry denied today that French airplanes carrying nuclear cargo landed in Panamanian territory. Vicenta Melania Herrera filed a report:

[Herrera] The Foreign Ministry, through the Panama Treaty Affairs Executive Directorate [DEPAT], rejected the public allegations stating that French planes carrying a nuclear cargo landed at a U.S. base located in our country:

[Begin recording] [DEPAT head Juan Antonio Stagg, identified by caption] According to what Colonel O'Connor, who is the cochairman of the U.S. Armed Forces Joint Committee in Panama, has said, this statement is false. They have investigated all the records on the airplanes that have landed at Howard Air Force Base and at all the other landing strips they have at their military bases; they have one at Ft. Sherman, but it is not an international airport. They do not have any evidence that a French plane landed at any of these installations in the last year.

[Herrera] Do you have any official information at the Foreign Ministry regardless of their information? If so, are the relations between Panama and France being jeopardized?

[Stagg] We do not have any official information or any landing request to use any airport, whether Panamanian or U.S., for this type of plane. [end recording]

[Herrera] The only thing the Foreign Ministry has been unable to deny or confirm is whether the airplanes flew through our airspace during their flight from France to Muroroa Atoll in July 1994, something which is something entirely different from a landing.

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Argentina

Hacker Enters U.S. Navy Computerized Security System

PY2912214895 Buenos Aires CLARIN in Spanish 29 Dec 95 pp 2, 3

[Article by Alberto Amato]

[FBIS Translated Text] On the evening of 28 December, the police arrested four people suspected of having hacked the U.S. Navy computerized security system and of having attempted — supposedly unsuccessfully - to break the secret codes of several U.S. Navy units. Among the detainees is allegedly one of the hackers who managed to crack that sophisticated system.

Sources close to the investigation have said the four people taken into custody are a family comprising the father, Julio Ardita — a retired Argentine Navy officer — and his three young sons. They live in Apartment "C" on the fourth floor of a high-rise block of apartments at 3900 Santa Fe Avenue. Using their phone line, 823-6305, the suspects — or one of them — hacked the computerized Telecom Corporation system, which they used to access the U.S. Navy system.

The suspects' apartment was raided on 28 December on a search warrant. Computer material and modems were seized. The Argentine courts are trying to establish if one of the Arditas is responsible for one of the most important acts of informatics sabotage in Argentina.

The case has reached the U.S. courts and is in the hands of Government Attorney Steven Heymann, who ordered a probe into this unusual intrusion by a hacker. The U.S. Navy has entrusted Pete Graza, one of its investigators, with the task of finding out how much the hacker managed to learn.

The scandal blew up in our country because the pirate ("hacker" in computing jargon) operates through computerized Telconet system, which belongs to Telecom. Using only his personal computer and a modem (a device to connect a computer to a telephone line), the hacker gained access to the Telecom system after violating between two and four secret codes. He also hacked a Telecom computer center, which is accessed through a unique special 14 digit code.

Sources close to the investigation told CLARIN the hacker managed to "control the computerized system" of Telecom and it is believed he can tamper with it, modify it, or destroy it as he pleases.

This is why the State Intelligence Secretariat (SIDE), headed by Hugo Anzorreguy, investigated to find out if an organization is behind the hacker, trying to gain access to the most sophisticated computerized systems in the world for as yet unclear purposes.

As the hacker operated from the Telecom network, the U.S. Navy believed it was that company that tried to crack the secret codes of its naval units. And so did Heymann, who reportedly queried the telephone company, according to what the sources told CLARIN. This request made Telecom suspect that somebody was tampering with its computerized system. Telecom experts then discovered that their network had been hacked by an intruder. They tracked the hacker by identifying his telephone line, and subsequently pressed charges before the courts.

Internal Complicity?

The ease with which the hacker gained access to the sophisticated computerized Telecom system (he allegedly started operating on 22 November) hints at the fact that he had a thorough knowledge of computer techniques as well as some secret codes of the telephone company. The hacker did not spend much time tracking the secret codes to access the system and seemingly gained access to Telecom network on his first attempt.

This is why, although they have not yet been able to prove it, investigators do not rule out the possibility that the hacker had help from current or former Telecom employees.

Federal Judge Susana Vilma Lopez from Criminal Court No. 38 asked the SIDE to investigate following charges pressed by a renowned firm of lawyers who represent Telecom in this case.

Nevertheless, Judge Lopez, through employees and court officials, yesterday refused to confirm to CLARIN if those charges had been filed before her court.

CLARIN was able to confirm that the criminal court had identified the telephone line used by the hacker, the address of that line, and the name of the subscriber. Judge Lopez went to that address yesterday evening accompanied by specialized police personnel.

Prior to the judiciary operation, some experts thought the judge was not going to find what she was looking for at that apartment. Hackers who operate at such sophisticated levels as this one generally use special devises that "invade" other people's telephone lines so as to avoid being localized.

At the time this edition went to press, Judge Lopez planned to meet with SIDE experts to assess the operation.

(Buenos Aires TELAM in Spanish at 1633 GMT on 29 December reports: "Judicial sources reported today

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that the hacker who reportedly gained access to the U.S. Navy security system is 21 years old, but has not — and never had — been taken into custody.")

Hacker Activity Causes 'Panic' Within Telephone Company

PY2912233095 Buenos Aires CLARIN in Spanish 29 Dec 95 p 3

[FBIS Translated Text] To say that panic reigns within Telecom may seem an exaggeration but that is not the case. The "hacker" [preceding word in English] who violated the enterprise's computer system has placed Telecom's administrative, technical, and services activities at risk. Court sources revealed to CLARIN that the enterprise's declaration has dramatic overtones.

Telecom admits in its declaration that the informatics pirate has free access to use everything the Telecom computer system is capable of doing.

In other words, he can execute, modify, alter, or destroy all the enterprise's information and programs.

It is believed the pirate tried, and in some cases succeeded, in accessing other informatics systems throughout the world. He did so through Telecom's connection with Internet.

It has been recorded that Telecom's Telconet network tried to access those other systems, but in this case it was really the informatics pirate trying to access the network. The "hacker" used Telecom's network because it allowed him to access some world informatics networks to which ordinary users do not have access.

In its declaration, the enterprise reveals that the actions of the "hacker" imply "a very serious high degree of risk for the enterprise."

In other words, the "hacker" can:

Modify the enterprise's invoices or repair processes;

Suspend, change, or modify the telephone service of any user;

Intercept information that enters Telecom's branches; and

Destroy the enterprise's informatics system and thus provoke chaos within the telephone service.

There is more. The investigators believe the "hacker" planted a "time bomb," as they say in informatics jargon, into the system. This is a series of programs that, on orders from the "hacker," or due to lack of activity within the network by the pirate (if he is arrested, for example), that in turn activate another series of programs that will destroy the system.

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 2123 GMT on 29 December carries a Buenos Aires datelined report stating: "The Telecom Argentina telephone company today admitted an 'informatics pirate' accessed its computerized network, which he could have modified or destroyed, although the company stressed that its systems 'have not been destroyed' and that the actions of the intruder 'were always under control.'

"The telephone company was obliged to release a communique after it was made known that a retired Navy officer and his three sons were presumably responsible for violating the U.S. Navy's computerized security system and for trying to violate the secret codes of several naval units of that country."

The report adds: "In a communique, Telecom highlighted the fact that its systems 'are some of the most advanced and complex in Argentina,' and stressed that 'they have not been damaged. The systems themselves permitted the arrest of the hacker (informatics pirate), whose actions were always under control.'"]

'Profound Displeasure' Expressed on Journalists' Expulsion

PY2912141895 Buenos Aires TELAM in Spanish 2329 GMT 28 Dec 95

[FBIS Translated Text] Buenos Aires, 28 Dec (TELAM) — It was officially reported that the Foreign Ministry today expressed its "profound displeasure" to the Bolivian Government over the expulsion — without consultation — of two Peruvian journalists to Argentina. The journalists had sought shelter in the neighboring country.

Foreign Ministry sources told TELAM that Juan Jose Uranga, the under secretary for Latin American affairs, expressed the displeasure to Julio Garret Ayllon, Bolivian ambassador to Argentina, who was summoned to the Foreign Ministry.

Peruvian journalists Rosa Neyra and Guillermo Arturo Vivanco were expelled from Bolivia last week for allegedly becoming involved in subversive activities and for meddling in the domestic affairs of that country. They were taken to the border pass of La Quiaca in Jujuy Province.

The sources noted: "The Foreign Ministry expressed its profound displeasure over the transfer — without consultation — of two citizens who are unwanted by their country of origin (Peru) and by the country that gave them asylum (Bolivia)."

The diplomatic displeasure was voiced during a telephone conversation that Under Secretary Uranga held with Ambassador Garret Ayllon, and was confirmed in

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writing during their meeting in an office on the 13th floor of the Foreign Ministry this afternoon.

The sources said: "In cases like this one, diplomatic practice indicates a previous consultation between the foreign ministries of the two countries to act in coordination."

The Peruvian journalists left their country during President Alberto Fujimori's palace coup and received political asylum in Bolivia, where they exercised their profession until they again were expelled.

President Carlos Menem Delivers Year-End Address

PY0101152896 Buenos Aires Argentina Televisora Color Network in Spanish 0000 GMT 1 Jan 96

[Year-end address by Argentine President Carlos Saul Menem from the Olivos presidential residence, broadcast via national radio and television hook-up — recorded]

[FBIS Translated Text] Just a few days ago, we celebrated Christmas Eve and Christmas Day. Within a few hours, we will be witnessing the beginning of a new year — 1996 — and, as usual, we are going to engage in taking stock of the situation. It goes without saying that we should not only dwell on the positive events that occurred in this year that is about to end; it is also important to underscore the negative aspects.

Among the negative events, we could mention the fact that we did not achieve good results in what pertains to our country's growth this year. As a natural consequence of this, unemployment rose to really critical levels, not only on account of domestic factors — which were indeed present — but primarily and basically due to external factors — the Mexican crisis, which reverberated throughout the Western Hemisphere and, I would venture to say, around the world.

Now, which were the positive events? We maintained our country's stability; our exports recorded dramatic growth that enabled us to turn around a nearly $5-million trade deficit in 1994 and to realize a trade surplus, which this year will total at least $2 billion. In addition, inflation was wholly curbed. In this year that is about to end, Argentina positioned itself among the countries having the lowest inflation rate in the world. I place Argentina as the country having the second lowest inflation rate — if not the lowest — in the world. This has been achieved thanks to the Argentine people's determination to support us in this transformation endeavor that we launched in 1989.

Moreover, over the last few months, unemployment has begun to ease up in our country. If to this latter consideration we add the fact that poverty has been reduced considerably, down from 30 percent or more — 37 percent in 1989 — to 12 percent at present, we are in a position to say that this year was not good, but it was not bad, either. We can term it average.

What can we expect of 1996, then? Congress has approved next year's budget. We can expect that our country's GDP will grow by at least 5 percent, that stability will be maintained, and that inflation will run at a rate that will not exceed 3 percent per annum. In sum, I think that 1996 will be a most positive year for Argentines.

I would like to ask my sisters and brothers who are still coping with the difficulties arising from being jobless to exercise patience and to have faith and hope, since we have committed ourselves to wiping out unemployment, and we shall overcome it.

This is why I am asking my people to continue supporting me, to continue working alongside this administration, which has managed to transmute a burning and appalling situation confronting our homeland into a country that is really worth living in — a country that has gone beyond its frontiers, and whose model and way of doing things are held in admiration by many peoples and countries the world over.

I firmly, warmly, affectionately, and lovingly embrace you all from the bottom of my heart and wish you a very happy 1996.

Bolivia

Press Federation Confirms Return of Expelled Journalists

PY2912200095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1607 GMT 29 Dec 95

[FBIS Translated Excerpt] La Paz, 29 Dec (AFP-NA) — Peruvian journalists Rosa Neyra and Guillermo Vivanco, who were expelled to Argentina on 24 December following orders of the Bolivian Government, were returned to Bolivia by Argentine authorities on 28 December "because Bolivia did not take the appropriate legal steps according to international laws," the Federation of Bolivian Press Workers (FTPB) confirmed on 29 December in La Paz.

"Neyra and Vivanco, who have been residing in Bolivia for the past year under the protection of the UN High Commissiorer for Refugees (UNHCR), were not able to request political asylum in Argentina because the Bolivian Foreign Ministry did not communicate to its Argentine counterparts their expulsion from this country in time," FTPB Executive Secretary Ivan Miranda said. [passage omitted]

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Brazil

President Cardoso Delivers End-of-Year Address

PY2912232395 Rio de Janeiro Rede Globo Television in Portuguese 2000 GMT 29 Dec 95

[Address to the nation by President Fernando Henrique Cardoso from the Alvorada Palace in Brasilia on 29 December — recorded]

[FBIS Translated Text] Brazil has worked a lot in 1995. Each one of us made his own contribution. You did your share, and so did the government. The country is beginning to improve.

All of us have benefited from the real, while the inflation rate continued to drop. The purchasing power of your salaries no longer deteriorates every month.

Basic basket products today cost practically the same they cost in June 1994, when the real was put into circulation. In supermarkets, some prices have even dropped.

We must continue to jointly fight inflation. We will not let inflation return. The government will continue with the economic reforms, while improving its control on expenditures.

You have to make your own contribution. You must continue to watch prices, in order to pay the cheapest price.

At Christmas, my warmest joy was to learn that this year, Brazilians had more food on their tables. Some families today eat meat and chicken, which they could not buy in the past. Food consumption has grown by 30 percent.

This was possible only because we now have a currency that does not lose its value, and because farmers produced a large harvest, making their contribution to the real.

This is why I made a point of giving better conditions for agriculture. The TR [Reference Interest Rate] was eliminated from the new financing arrangements while debts have been renegotiated, so that in 1996 farmers may produce a good harvest and increase their earnings.

The curbing of inflation has allowed the government to start spending for the actual needs of people. If you have children going to public school, you must have already realized that school breakfast is being normally supplied, and that it has even been increased.

We have provided buses for taking children to school in the areas inhabited by the lower-income sectors. All elementary school students will receive books for free, while we have already started training teachers in order to improve the quality of education.

We have also started implementing a broad program to preserve your children's health. We have implemented vaccination and nutrition campaigns for mothers and babies.

In 1995, the number of community health agents grew from 29,000 to 40,000. The agents' work is essential for reducing the children's mortality rate by 50 percent at the end of my government term. We will do it.

The program of physicians' visits has also remarkably improved. The number of physicians grew from 328 in 1994 to 851 in 1995. In our first year in office, the fight against fraud in the health sector resulted in a reduction in hospital treatments by 1.5 million.

Our initial commitment was to spend in the health sector, through my government term, $80 per Brazilian. Today, we are spending 83 reals [R] per Brazilian.

We are also moving forward in other areas. I have already said it, and I will reiterate it now: I want to expedite land reform. In 1995, we settled 40,286 families, many more than in any previous year.

We also reopened — after a four-year break — the loans for purchasing houses, and we restarted financing sanitation facilities.

In 1996, we will earmark R3.8 billion — from the severance pay fund — for financing the construction of houses and sanitation facilities.

All this is only a beginning. We know there are many social needs. That is why we have to begin with what is most urgent: health, education, housing, and sanitation.

Today we are in a better position to make the necessary investment, because we have a clear policy: Increase and improve spending in social programs.

In order to give you an idea, almost 70 percent of all the investments provided for by the five-year plan for the 1996-99 period will go to the social sector.

We are winning the fight against inflation, and we are beginning to tackle our social problems.

At the same time, we are winning another battle, the battle against pessimism. We are showing that it is possible to resolve problems by working, with courage, with perseverance, and — whenever necessary — with patience.

At the beginning, no one believed we would succeed in curbing inflation. Yet we showed that this could be accomplished with a good plan, with the support of Congress, and with the people's participation.

When the real was set into motion, some people said it would produce salary losses. Actually, the opposite has

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occurred. Prices remained stable, while the purchasing power of salaries increased. Later we could also increase the minimum wage.

At the beginning of the year, many people bet that with the Mexican crisis, the real would collapse. However, 18 months after it came to life, the real remains strong, and our reserves stand at $50 billion.

Others said we would obtain no support for the reforms. They were wrong. Congress showed that it identifies itself with the will for a change. Congress competently and rapidly approved the constitutional reforms in the economic, petroleum, and telecommunications areas, and the reform on the concept of national enterprise.

Do you know what this means? This means new investment opportunities, growth, and more jobs.

We are now moving forward with the administrative and social security reforms. Later we will implement the tax reform.

Finally, others said: "The real is doing well, but the government will not implement the social programs." I know we will be unable to overcome poverty and social injustice overnight. Yet as I have shown, we have begun major projects for overcoming social injustice.

Everything the government has done after the implementation of the Real Plan has promoted one of the more comprehensive processes of distribution of income in Brazilian history.

Consequently, we have good reasons to have faith in Brazil and in ourselves. We are building our own democracy, and we are reforming the economy to promote investment and create jobs, tackling social problems and seeking to preserve human rights.

In the international arena, Brazil is being regarded with consideration and respect, because of what we are doing to change our country.

Just like we implemented the real, we are implementing the program of government without shocks or violent actions, but through dialogue and negotiations.

A new year will begin soon. This is a time for fraternity and happiness. It is also a time for having confidence in ourselves and in Brazil.

I wish you and your families and your beloved ones a happy 1996, with the confidence that we are building a better future for our children. Thank you very much.

Senator Magalhaes Says Senate To Vote on Sivam in Jan

PY2912202895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Dec 95 Section 1 p 8

[Article by Marta Salomon and Sonia Mossri]

[FBIS Translated Text] Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], president of the special Senate committee that is investigating the Sivam [Amazon Region Surveillance System] project, yesterday said that the Senate will decide on the future of the contract with the U.S. company Raytheon in January, during the special congress sessions.

Senator Magalhaes, who is one of the main critics of the Sivam project, says that he still wants the contract with Raytheon to be canceled, but he nonetheless admitted that many senators who oppose the contract can still change their minds before the loan for the project is voted on in the Senate.

"The atmosphere in the Senate was very bad and I myself have no reason to change my mind, but politics change," Magalhaes said over the phone.

While waiting for the Senate decision, the government has extended the contract with Raytheon until 23 January. After that date, the contract can again be renewed for 30 more days. The original contract, which was signed on 27 May, will only be valid when the $.14 billion loan is approved by the Senate.

Thus far, President Fernando Henrique Cardoso has expressed the belief that the special Senate committee has not found any irregularity that would justify the cancellation of the contract with Raytheon and with the U.S. Government, which will finance most of the project through the Eximbank.

Last week, Aeronautics Minister Lelio Lobo informed the high command that President Cardoso expects to negotiate with the special Senate committee regarding the maintaining of the contract.

"The government has all the right to insist on the contract," Magalhaes said. He believes that the special Senate committee will conclude its work in 20 days, beginning from 8 January, when the special Congress sessions will begin.

The rapporteur of the special Senate committee, Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul], is preparing his report during the congressional recess.

Magalhaes maintains that the selection of Raytheon, without having called for a bid, is affected by the relationship between Raytheon and ESCA [Automation

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and Control Systems Engineering] since 1992, two years before Raytheon was officially chosen to implement the Sivam project.

The government alleges that the agreement between Raytheon and ESCA was no more than a letter of intention, canceled in 1993, and that ESCA's irregularities were straightened out after it was estranged from the project. "They still have to convince me of that," Magalhaes said.

The special Senate committee is still awaiting explanations from the Aeronautics Ministry about the TCU [National Accounting Office] report that demonstrates that ESCA paid the expenses of the Aeronautics Ministry commission in charge of selecting the companies that would participate in the project.

Colombia

Guerrilla Incursion in Bolivar Leaves 8 Policemen Dead

PA3012025495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 30 Dec 95

[Report by Diana Pedroza and Harold Lozada from the "Seven O'Clock Newscast" — passages within quotation marks are recorded]

[FBIS Translated Text] A new guerrilla incursion in Achi Municipality, Bolivar Department, has left eight policemen dead, 11 people injured, and two missing. The policemen had arrived in this town just two days ago, following a rotation of personnel.

The brutal guerrilla attack began at 2145 last night. Approximately 150 FARC [Revolutionary Armed Forces of Colombia] guerrillas entered Achi, a municipality located in the southern part of Bolivar Department, and attacked the police garrison in this community with all sorts of weapons. Approximately 20 policemen were posted in that unit at that time. The exchange of fire lasted more than six hours, during which time the policemen withstood the fierce attack:

[First unidentified speaker] "I was in my police sentry box when we felt the first outburst of machine-gun fire at 2145. We immediately took up combat positions and fought until we could. What hurts me most is that the civilian population did not help the National Police in any way.

[Second unidentified speaker] "We fought with them in a courageous manner, because they outnumbered us, but we fought back, and here we are to elevate the National Police."

The guerrillas also destroyed other government offices in addition to the police garrison. At this time and since the early morning hours, counterinsurgency units have been pursuing the rebels, among whom it is believed there are several injured due to the traces of blood.

The bodies of the policemen who were unable to make it to the new year were transferred to Cartagena. They died away from their homes defending Colombia. The operation to recover and to transfer the 11 injured policemen and the eight soldiers killed by the guerrillas was coordinated from Cartagena. This contingent of policemen had just two days in Achi. Relatives of the victims waited for information at the Cartagena Airport.

Police and the Army sent counterinsurgency units to the place of the attack to restore normalcy in this area:

[Police Subcommander Jose Rojas] "The policemen defended themselves bravely. There was fighting, and the attack from the rebels was heavy.

[Unidentified reporter] "Had the group that was attacked spent just one day there?

[Rojas] "Yes, these policemen had come to relieve fellow policemen two days ago. The personnel who were there had already spent seven months there."

The eight policemen will lie in state at the Bolivar Department Governor's Office building.

In the guerrilla attack on Achi, one officer, one suboffficer, and eight [as heard] police agents were killed.

This afternoon, the relatives of the victims began arriving in Cartagena. Tearful scenes involving the wives, children, and mothers of the victims of violence occurred outside the police headquarters in this city.

Those murdered by the guerrillas are: Sublieutenant Luis Felipe Gomez, station commander; Subofficer (Vino Rada); Patrolman (Jimmy de las Salas Garcia); Police Officers Nestor Guerrero, (Wilson Daza), Angel Vergara, (Jesus Baquero), and Andres Sanmartin.

The escalation of the guerrilla attack in Colombia today also reached Corinto, Cauca Department. The Jaime Bateman Cayon guerrilla movement signed an accord just three days ago with the national government declaring a large portion of northern Cauca an area of detente; this accord had brought peace to the residents of Corinto, but this peace did not last long.

A group of 40 guerrillas took over the town this morning. The strange thing is that they never said to what movement they belonged, as guerrillas do on other occasions:

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[Unidentified reporter] "Have pursuit operations been launched?

[Major Eduardo Rojas, operations commander] "Army personnel are being mobilized at this time. We will see later what details can be provided in this regard."

Residents in the northern part of Cauca Department are concerned today, because they fear the zone of detente in which the Jaime Bateman Cayon movement will not operate will be taken over by another guerrilla group.

Three soldiers and two civilians will have to spend new year's eve at the hospital now, as a result of the year-end attacks by guerrillas.

At the Catam Military Airport, Defense Minister Juan Carlos Esguerra made statements about the escalation of guerrilla attacks:

[Esguerra] "There is a balance of sadness, pain, hurt, anger. These are acts of barbarism in which we see violence as it is. We have witnessed the inexplicable death of one police officer and one subofficer who were just fulfilling their duty."

Samper Condemns Guerrilla Attacks

PA3012025695 Mexico City NOTIMEX in Spanish 0126 GMT 30 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 29 Dec (NOTIMEX) — President Ernesto Samper today condemned the recent guerrilla attacks that left several policemen and a young girl dead and numerous injured, and he warned of a severe response by the Armed Forces.

The president said his government will not tolerate more acts of violence featuring rebel groups, and he added the Armed Forces will assume their constitutional responsibility of "responding with severity to the violent ones."

The government will "spare no effort in preserving order and security throughout the national territory," Samper said.

The president expressed his condolences to the families of nine policemen killed early 29 December during a rebel attack in northern Colombia.

About 200 guerrillas of the Revolutionary Armed Forces of Colombia (FARC) occupied Achi, in the northern department of Bolivar, and destroyed a police post, two banks, and the mayor's office.

An officer, a noncommissioned officer, and seven policemen as well as six rebels were killed in the clash. Three of the dead rebels were found in downtown Achi, and the other six, whose bodies were dragged by their companeros, were found in a rural area.

"Their memory obligates us to achieve a lasting and stable peace and a more dignified fatherland for all Colombians," the president added. He expressed regret over the death of the young daughter of a noncommissioned officer two days ago during an attack on the eastern town of Une.

The president finished his statements by expressing his desire for the prompt recovery of the six policemen who were wounded in the attack on Achi, which is located in one of Colombia's most violent regions.

Samper Addresses Nation, Says 1995 'Not an Easy Year'

PA3112143995 Santa Fe de Bogota Radio and Television Networks in Spanish 0140 GMT 31 Dec 95

[Year-end message by President Ernesto Samper Pizano from Cartagena; date not given — live or recorded]

[FBIS Translated Text] Colombians: I am taking a few minutes of your leisure time to wish you all a happy new year. This year was not an easy year. In this year, our institutions had to undergo a difficult test, but, fortunately, they came out stronger.

Despite all the difficulties, the country has continued to advance, we decreased the inflation rate, created more productive jobs, reactivated the farm sector, and began to export as we had done before. For the second time, we signed a social pact, which will guarantee the purchasing power of the workers' salary next year. Colombia was recognized as a leading country in the Nonaligned Summit in Cartagena, the Rio Group meeting, and the Ibero-American Summit.

No other administration has achieved so much in so little time in the struggle against drug trafficking as we have done this year. Congress approved essential laws that will allow us to continue fighting urban crime and improving our system of administering justice. During 1995, I devoted every hour of every day, with all its minutes and seconds, to work for the people of Colombia and I intend to continue to do so until I end my mandate because there is still a long road ahead.

The year 1996 will be the social year. The resources obtained from the tax reform will be invested in the improvement of the quality of education, which begins with the improvement of the teachers' standard of living. They will also be invested in the financing of 120,000 new housing subsidies for the rural and urban sectors. They will also be invested in the incorporation of another 2.5 million Colombians into the health

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system. They will also be invested in the creation of microenterprises to generate new sources of productive employment. And, as I announced in Bucaramanga, my government will create a social management office so that the people's funds will not be swallowed by bureaucracy.

In 1996, we will continue to seek new alternatives for the coexistence that all Colombians want. Senseless attacks by rebellious groups in recent days — attacks that claimed the lives of several uniformed men and even that of a little girl, Jennifer Tauta, who was only a few months old — are a clear message that subversives are not interested in the reconciliation all Colombians demand.

However, we will continue to look for peace on other paths. We are currently beginning talks with the Bateman Cayon Group in the Cauca mountains, and in January, the Presidency's Advisory Board for Peace Issues will begin to sign coexistence pacts with 32 municipalities where the highest level of political violence occurs.

In these municipalities, we will reinforce the state's social and military presence, combining it with processes of citizens' participation such as those of Agua Chica and Uraba where we have had such good results.

Dear friends: Allow me to make one final reflection on the issue of values. It is not only a matter of making progress on material aspects, but only by rescuing the values and principles that made us a nation we will be able to advance spiritually. To do this, we must strengthen concepts such as loyalty, tolerance, dignity, and the respect for the ideas of others, the family, and the love for God.

I urge you that, within your personal resolutions for the new year, you include a resolution for the sake of the nation: Be better citizens. If each one of us sows a seed of progress and peace, we will reap 37 million fruits at the end of 1996.

On behalf of Jackie and my children, also on behalf of my government team, I reiterate our best wishes for a new year full of success and of dreams come true. Good evening.

Miranda Municipality Chosen To Hold Talks With Rebels

PA2912135095 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 25 Dec 95

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] The Office of the High Commissioner for Peace has reported that the municipality of Miranda, Cauca Department, was chosen as the place to hold detente talks between the government and the Jaime Bateman Cayon Movement. Likewise, this office determined that the talks will last one month and that the final process for its demobilization will be defined at these talks.

A Narino House spokesman pointed out that this is a big step toward achieving peace, thus showing the resolve this rebel group has. The spokesman of the presidential palace pointed to the desire each member of this movement, the center of operation which covers a large area in Cauca Department, has to reconcile.

Ecuador

Foreign Minister Denies Violation of Peruvian Airspace

PY2912125795 Madrid EFE in Spanish 0346 GMT 29 Dec 95

[FBIS Translated Text] Quito, 28 Dec (EFE) — Ecuadoran Foreign Minister Galo Leoro today denied that Ecuadoran planes had violated Peruivan airspace on 27 December. He said, however, that he has no information about an eventual exchange of shots on land, as has been reported by the Peruvian Armed Forces.

In an interview with "Radio Quito," Leoro said: "I can categorically assert that no Ecuadoran plane has lifted off from its base." He also said that he personally informed Peruvian Foreign Minister Francisco Tudela and the representatives in Quito of the guarantor countries of the peace process about this denial.

He added: "I was only informed about the alleged Ecuadoran incursion about one hour ago." He said that in view of this, Ecuadoran Defense Minister Alfonso Alarcon "will make the pertinent investigations tomorrow morning," that is, Friday, before reporting on the situation.

The Peruvian Armed Forces high command today charged that Ecuadoran planes had violated Peruvian airspace and that an Ecuadoran boat had fired shots at a Peruvian watch post.

Further on Denial of Airspace Violation

PY2912145095 Madrid EFE in Spanish 0413 GMT 29 Dec 95

[FBIS Translated Text] Quito, 28 Dec (EFE) — Ecuadoran Foreign Minister Galo Leoro today denied that Ecuadoran planes had violated Peruvian airspace on 27 December. He said, however, that he has no information about an eventual exchange of shots on land, as has been reported by the Peruvian Armed Forces.

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In an evening interview with "Radio Quito", Leoro said: "I can categorically assert that no Ecuadoran plane has lifted off from its base." Furthermore, he said that he has personally informed both Peruvian Foreign Minister Francisco Tudela and the representatives in Quito of the guarantor countries of the peace process about this denial.

Leoror added: "I was only informed about the alleged Ecuadoran incursion about one hour ago." He said that in view of this, Ecuadoran Defense Minister Alfonso Alarcon "will make the pertinent investigation tomorrow morning," that is, Friday, before reporting on the situation.

The Peruvian Armed Forces high command today charged that Ecuadoran planes "of the Bufalo and Arava type" (not combat planes) had violated Peruvian airspace and that an Ecuadoran boat had fired shots at a Peruvian watch post.

"This Bufalo plane ... is being repaired and never could have flown. As for the other plane (Arava), Ecuador does not have this type of plane," said Leoro. He added that these reports are probably referring to airplanes "engaged in other activities which do not concern Ecuador" because "all of us are aware that planes are also used by drug traffickers."

Leoro added that the Peruvian joint command communique "refers to flights made by Bufalo and Arava planes, that is, neither the type of plane nor its nationality have been determined." He harshly criticized the communique, "which is based on incorrect information about the type of planes," and because of the fact that "for all intents and purposes, these are the kind of communiques that cause alarm."

Leoro also confirmed that this morning he had had a telephone converstion with his Peruvian colleague and that he had "personally" denied the report published this morning in the Lima daily LA REPUBLICA which stated that "a squadron of Jaguar planes had violated Peruvian airspace. This caused the immediate mobilization of Peruvian troops. [quotation marks as received]

Leoro added that he also expressed to Peruvian Foreign Minister Francisco Tudela his "concern" over such reports, which cause "mistrust" about the peace process that is under way.

Leoro said: "The Peruvian foreign minister said that we shared the same view, and that he would investigate the situation that I had categorically denied. He also assured me that the Peruvian Government shares our same willingness to continue the process of achieving the complete normalization of our bilateral ties."

He asserted that Tudela "has again reaffirmed that he hopes to see me in Lima in mid-January," when the two foreign ministers are scheduled to meet within the framework of the peace process. Leoro also said that Tudela had expressed his "concern" about the reports.

During the inteview Leoro also said he has contacted embassy representatives in Quito of the guarantor countries of the peace process — Argentina, Brazil, Chile and the United States — to deny these reports so that "the respective governments may have the correct information."

Leoro also harshly criticized "this situation of making constant accusations" and of describing Ecuador as a "belligerent" country, something which he categorically denied because he said: "We are immersed in a peace process, and we have accepted being part of it in good faith and with good will."

The reports from Lima are being issued amidst an Ecuadoran-Peruvian peace process undertaken after the undeclared war that the two countries waged at the beginning of the year over disputed Amazon border territory without border markers.

Army Head: Country Will Not Engage in 'Provocations'

PY2912163495 Madrid EFE in Spanish 1458 GMT 29 Dec 95

[FBIS Translated Excerpt] Quito, 29 Dec (EFE) — Ecuadoran Army chief Paco Moncayo today asserted that Ecuador will not be driven to carry out provocations and start a war with Peru, with which Ecuador maintains a territorial dispute over an unmarked border area in the Amazon region.

In an interview granted to the newspaper EL COMERCIO, General Paco Moncayo said: "We will not engage in a controversy, which until now has been nonexistent because we have not engaged in any. We will not be driven to carry out provocations. We will continue to promote the peace process. Moreover, we fully trust the guarantor countries and their noble attitude regarding this issue."

Moncayo said: "We have never attacked anyone, nor do we ever intend to do so. Unless Peru launches an aggression, I see no possibilities of a clash."

The Peruvian Armed Forces high command reported recently that Ecuadoran planes had violated Peruvian airspace and that an Ecuadoran boat had fired shots at a Peruvian watch post.

These airspace violations, which were described by the Peruvian Government as "clear provocations," have

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been denied by both Ecuadoran diplomatic and military sources.

Gen. Moncayo, who said that the Lima-originated report is "completely false," reconfirms the denial made by Ecuadoran Foreign Minister Galo Leoro.

Moncayo said: "No Ecuadoran plane has lifted off from its base in the last few days. This report is part of a psychological campaign that Peru has launched in the past few days for as yet unspecified purposes."

After stating that "a campaign of lies will not improve Peru's image," Moncayo insisted that Ecuador upholds the Itamaraty (Brazilian Foreign Ministry) peace treaty signed on 17 February and ratified in Montevideo in March.

Regarding the purchase of weapons, Moncayo said that Ecuador "has acquired a minimum number of weapons to refurbish obsolete equipment. We are categorically not engaged in an arms race." [passage omitted]

MOMEP Confirms Overflight of 'Unidentified' Plane

PY3012004495 Quito Voz de Los Andes in Spanish 2300 GMT 29 Dec 95

[FBIS Translated Text] The Ecuador-Peru Military Observers Mission, MOMEP, of the guarantor countries of the peace process between Ecuador and Peru, reported today that the flight of an airplane over Peruvian territory reported by Peru was made by an unidentified plane and that it did not cause any incident.

Peru reported on 28 December that Ecuadoran airplanes violated Peruvian air space on 27 December in the demilitarized zone that was established after the undeclared war between the two countries last January and February. It also reported that an attack by Ecuadoran soldiers was repelled by Peruvian troops.

After the two incidents were denied, Ecuador asked the MOMEP, which is made up military officers of Argentina, Brazil, Chile, and the United States, to check the pacification process in site and to release a communique clarifying the situation.

The MOMEP released a communique saying: It is made known to the public that on 27 December at approximately 0840 an unidentified two-engine airplane flew over Peruvian territory in the demilitarized zone of the upper Cenepa River.

The communique says that the type or the nationality of the airplane was not identified because of the heavy clouds. It also says that the military observers did not see any abnormal activities in the area. The communique adds that the overflight lasted a few minutes at a hight of approximately 700 meters and was seen for no more than four seconds by the MOMEP military observers deployed at the Peruvian Watch Post 1.

After the overflight, the MOMEP observers met with the liaison officers of Ecuador and Peru to clarify the event in accordance with the security regulations that was recently signed by Ecuadoran and Peruvian military officers in order to reduce the possibility of the worsening of an eventual incident.

The communique also notes that the MOMEP will continue watching over the demilitarized zone in support of the peace process established by the Itamaraty Peace Declaration that was signed by Ecuador, Peru, and the guarantor countries on 17 February 1995.

Ecuador believes that this type of accusation is part of a Peruvian misinformation campaign and that it does not know what its objective is. The Peruvian press report also includes alleged Ecuadoran military mobilizations at other border points, which has also been denied by Ecuadoran officials.

Leoro Criticizes Peruvian Media's 'Disruptive' Role

PY0201003796 Quito Voz de Los Andes in Spanish 2300 GMT 1 Jan 96

[FBIS Translated Text] Bogota — Ecuadoran Foreign Minister Galo Leoro has accused the Peruvian media of playing a disruptive role in Peruvian-Ecuadoran talks to settle the border dispute that provoked a confrontation between the two countries in early 1995.

In brief remarks to Colombia's "Caracol" broadcasting network, Leoro has charged the Peruvian media with launching a propaganda campaign against the efforts under way to reach an agreement between the two countries.

Leoro said the two governments have the political desire to pursue the negotiations and to facilitate the job of the guarantor countries of the Rio de Janeiro Protocol, which demarcated the current boundaries between the two countries with the exception of the Condor range area, which was the scene of an armed clash early in 1995.

Leoro said: We hope, however, that Peru will take action to put an end to the media's adverse campaign. He added that he trusts that the Lima government shares the Ecuadoran Government's desire for peace.

Regarding the latest incident between Ecuador and Peru — the alleged incursion of an Ecuadoran aircraft into the disputed area last week — Leoro stated that no aircraft had left its base. He also made it clear that Ecuador's purchase of four Kfir fighter aircraft, which

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provoked uneasiness in Peru, has not been prompted by any belligerent desire. He said this is just a purchase designed to replace materiel that had been lost prior to the conflict that erupted early in 1995.

Peruvian Reaction to Kfir Purchase Assailed

95P20194

[FBIS Media Note] Ecuadoran media monitored 19-27 December have reported widely and commented harshly on Peruvian comments on Ecuador's purchase of Kfir aircraft from Israel.

Commentator Jaime Bejarano on 19 December writes in Quito's leading daily EL COMERCIO that Peruvian arguments against the Ecuadoran acquisition ignore the substantial difference between "arms buildup" and "deterrence." No country, Bejarano contends, can be denied the right to evaluate a potential threat, to counter an enemy's war intentions, to preserve its security in the face of foreign intimidation, and to follow its instinct for self-preservation.

In fact, continues the EL COMERCIO lead editorial of the same date, Peru—despite the military balance of power already in its favor—is playing a double game: talking peace while negotiating a huge purchase of materiel from the Ukraine and Russia. Peru's "persistence" in its arms buildup, the editorial opines, leads to the fear that it is plotting something in the near future—possibly a renewed attack on Ecuador. For this reason, the paper concludes, Ecuador should maintain a state of "maximum vigilance."

On 26 December, Guayaquil's leading daily EL UNIVERSO publishes Ecuadoran Army Chief Paco Moncayo's charges that the Peruvian media are trying to obstruct the Kfir purchase "on the pretext that the peace process would be affected." Their intent, Moncayo contends, is "to create a scandal to cool down the enthusiasm of the Americas for the negotiations process." According to the daily, Moncayo—surprised by Peruvian President Fujimori's claims of an Ecuadoran arms buildup—stresses: "At no time have we initiated an arms buildup; we are enthusiastically supporting the peace process." He adds: Ecuador spends very little on arms purchases, and "if the country were not constantly threatened and attacked, maybe no purchases would be necessary at all. Our purchases are transparent; we do not have to hide them because they consist of replacement and modernization of obsolete equipment."

Moncayo's reaction to other Peruvian press reports is published by the Quito daily HOY on 26 December. HOY quotes the Army chief as describing Lima EXPRESO reporter Manuel D'Ornellas' claims that the United States approved the sale of the four Kfirs to ingratiate itself with Ecuador's future military leaders following a coup d'etat as a "psychological campaign." He also criticizes statements by Peru's former Foreign Minister General Mercado Jarrin, published in Lima's LA REPUBLICA, reportedly describing the Kfir purchase as a political-military plan to destabilize democracy in Ecuador and comparing Moncayo to Pinochet. Jarrin's remarks, the Ecuadoran Army chief suggests, are motivated "perhaps by the man's age or deep hatred for Ecuador." Moncayo concludes, according to HOY, that the "scandal" unleashed by Peruvian President Alberto Fujimori and the Peruvian press is aimed at undermining Ecuador's image abroad, as well as its political and military leaders.

In an interview granted to the "Teleamazonas" television network, reported by Madrid EFE on 26 December, Ecuadoran Congress President Fabian Alarcon states that Ecuador's defense cannot be disregarded, and for this reason, "no country in the world, no foreign government, and much less Peru, can ask it to restrict its defensive capacity."

Meanwhile, Quito radio Voz de Los Andes reports on 27 December that despite the current "despicable rhetoric" against Ecuador in the Peruvian media, progress is being made in normalizing bilateral relations.

Peru

Commander Says Border Situation in Tumbes 'Normal'

PY3012023995 Lima America Television Network in Spanish 0100 GMT 30 Dec 95

[FBIS Translated Text] The recent events at the border region with Ecuador have not affected the normal activities in the headquarters of the First Military Region in Piura. We have a report from our correspondent.

[Begin recording] [unidentified reporter] Despite the recent events at the border region with Ecuador, the situation in the headquarters of the First Military Region in Piura is calm. The military activities are developing normally. The Army is carrying out its normal activities. This situation was verified in the Grau garrison where soldiers were holding a military ceremony. General Ricardo Sotero Navarro, deputy commander of the First Military Region and acting commander of this unit, as the current commander is retiring, said that the situation at the border in Tumbes is completely normal.

[Second unidentified reporter] There are reports of deployment of Ecuadoran soldiers in that zone.

[Sotero] No, they are carrying our normal patrol operations just like we do. The two countries have a watch

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system during peace and each country does its job. There is nothing abnormal at the border.

[Reporter] Could there be a coincidence with the recent clash in the upper Cenepa River region with the deployments taking place at the border in Tumbes?

[Sotero] They are completely different operations, they have no incidence in this sector.

[Reporter] Is the Army working constantly at the border region in Tumbes?

[Sotero] Yes, the Army is alert, with its watch system activated, but there are no problems. [end recording]

Ecuadoran Troops Erect Barricades; Civilians Evacuated

PA3112191895 Madrid EFE in Spanish 1713 GMT 31 Dec 95

[FBIS Translated Text] Lima, 31 Dec (EFE) — The local press reports today that Ecuadoran troops have erected barricades and dug trenches along 14 km of its coastal border with Peru and that Peruvian civilians have been evacuated from the border bases.

Lima daily EL COMERCIO published that its reporters were able to verify several dozen "sandbag" barricades along 14 km of the border in the coastal department of Tumbes.

Tumbes borders the Ecuadoran province of El Oro and in both areas there were heavy military mobilizations, although no battles took place during the undeclared confrontation [guerra no declarada] between Ecuador and Peru in the Amazon jungle from 26 January to 28 February.

Adolfo Bazan, EL COMERCIO's special correspondent in Tumbes, said that the barricades and trenches have even been erected in Ecuadoran civilian villages, such as Chacras, Carcabon Canton, where he also saw soldiers on patrol.

Opposition daily, LA REPUBLICA, reported in turn that most Peruvian civilians have been evacuated from "El Milgro," the main military base on the Amazon border with Ecuador, located in Bagua Province.

The newspaper said that Peruvian forces, in addition, have deployed anti-aerial batteries in preparation for possible incursions by Ecuadoran airplanes.

Tensions between the two countries peaked at the beginning of December when it was learned that Ecuador intended to purchase four K-Fir fighter jets, which according to the Peruvian Government, would break the Ecuadoran-Peruvian military balance.

The situation worsened this past week when an Ecuadoran patrol fired upon a Peruvian sentry post. The attack was repelled without incident.

The attack was confirmed by the Ecuadoran military, who said that their troops became blinded by passion when they heard the Peruvians doing target practice.

Military observers of guarantor countries were unable to verify the shooting because the area where it took place, in the Pastaza River, is outside the demilitarized zone where they have jurisdiction.

Almost simultaneous to this incident, an Ecuadoran military airplane entered the demilitarized zone, which was strongly denounced by Peru.

The observers, who have tried to downplay the incidents, confirmed that an airplane entered the airspace from Ecuador, but said that "clouds" prevented them from seeing whether it was a military airplane.

Border skirmishes take place every year in December or January, when approaching the anniversary of the 1942 Protocol of Rio de Janeiro, which established the current limits between the two countries.

Ecuador rejects the validity of this treaty and claims as theirs territories that according to the Protocol guaranteed by Argentina, Brazil, Chile, and the United States, belong to Peru.

This difference was the origin of January's conflict [guerra] and the previous one in 1981.

In both cases, both sides accused each other of being invaders, despite the fact that clashes took place in territories listed as Peruvian by the Rio Treaty.

Current tensions took place just when Franciso Tudela, minister of Peruvian Foreign Relations and Galo Leoro, minister of Ecuadoran Foreign Relations, prepare to hold talks during the second week in January in Lima on the root cause of the border differences.

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